

**GOVERNANCE AND PUBLIC SECTOR WORK:
A CASE STUDY IN FURTHER EDUCATION**

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Declaration

I hereby confirm that this thesis is my own, original work and that the material herein has not been submitted as part of any other degree or professional qualification.

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Abstract

Promises by consecutive governments to 'reform the public services' carry the implication that few changes have taken place in this sector since its inception, and that the negative image of the public sector still exercises the mind of the people as well as that of successive governments. Despite extensive reform, the transformation of the public sector appears to have produced a form of public service that satisfies no one. One of the debates about public services has been whether provision is best achieved through a welfare state, which plans and provides services, or through the 'market', which is sometimes represented as a more efficient way of allocating resources and delivering services. The way this issue has been addressed by governments over the past 20 years or so has led to extensive changes within the public sector.

Sociologically, this research is located at the intersection of a number of debates that have exercised the sociological imagination for the last decades of the 20th century. These include the forms and exercise of power in modern society, how society should be organised, and concerns about a social world that has become increasingly individualistic. However, the issues surrounding the reform of the public services also involve concepts and theories used in, and developed by, other disciplines from economics, politics, public administration and social policy to management.

The argument made in this thesis is that the reform of the public sector is closely related to issues of governance that stem from particular power relations. Those in power have governed through the development of specific rationalities and the thesis explores the concept of freedom both as a rationality and as a practice of government. These can be seen in the adoption of neo-liberal ideologies and practices in global and local contexts that have led to the introduction of market principles and mechanisms to aspects of social

life that have changed the notion of collective provision for citizens to that of meeting the needs of individuals as consumers.

In the research, Further Education is used as a case study to examine *particular* aspects of the arguments. The incorporation of Further Education colleges in Scotland in 1993 demonstrated the application of the ideas and policies of the New Right through the introduction of market principles and, as a result, democratic representation, control, management, and governance within FE have changed in significant ways. To ascertain the significance of the reforms and ensuing changes, the merits and demerits of markets versus hierarchy; the extent and effects of decentralisation; new forms of control and scrutiny and the way processes and changes have been interpreted by key players will be evaluated. The forms of organisation that have emerged will be examined in terms of their intended and unintended consequences and it will be argued that despite the negative perceptions of reform, Further Education has used modifications in organisation to its own advantage. Finally, it will be shown that the particular form of governance that has been established can be used by different political administrations to meet their own objectives and that although Further Education has been criticised as some as being too adaptable, this very characteristic has, thus far, ensured its survival.

Chapter 1: Introduction

Key themes

This thesis is based on a number of key themes that are important to our understanding of the processes and consequences that have been part of recent public sector reforms in the UK.

One theme is that of power and the way governments exercise power in modern society through the use of specific rationalities. In particular, the use of 'freedom' as a rationality of government is explored in the context of recent public sector reforms, and the impact of reform on one service - that of Further Education in Scotland - is assessed. The thesis explores, and seeks to answer, the question of whether the reform of the FE sector met the objectives of the supporters of freedom, i.e. the establishment of a 'market' and a decentralisation of power.

A second theme concerns the specific technologies employed by governments to meet their stated objectives. The way governments use technologies is reviewed in light of public sector reforms in general but I will review funding, performance indicators, inspection and quality systems within FE as examples of specific technologies. I will assess the impact of these technologies on the FE sector and evaluate the extent to which they have resulted in new forms of control within this service.

The third theme relates to the forms of organisation that have resulted from the introduction of market principles and concomitant technologies of government to the public sector. The question I seek to answer here is whether recent reforms have replaced bureaucracy with new market-oriented institutions and, if not, what forms of organisation characterises Further Education at the beginning of the 21st century. I will

compare the experience of Further Education to other public services and will explore to whose advantage the forms of organisation that have emerged within Further Education work.

My own interest in this area comes from my work as a Senior Lecturer in Further Education, which I entered in 1989. Previously I had worked as a charge nurse in the NHS. As the reforms took hold in Further Education, I was struck by many similarities with the health service. Moreover, my experience of the reforms at the 'chalk-face' led to a creeping alienation which grew in proportion to the increasing paperwork and management speak, which have been continuing features of life in Further Education. I felt that a sociological analysis of the reform would give me an objective understanding of these processes and my work within Further Education enabled me to study many areas of relevance and interest.

Why Further Education?

This thesis is based on the debates relating to the changes that have occurred within the public sector in general but this study will focus on Further Education as a particular case that illustrates these general principles and there are several reasons for choosing Further Education as the focus for this research.

First, from a Scottish perspective, it is an ideal sector to study in that its transition to self-governing status has been recent and clear-cut. The *Further and Higher Education (Scotland) Act* 1992 took Further Education colleges out of regional authority control and put in place a system in which ultimate control was retained by central government - at that time the Scottish Office but since devolution the Scottish Executive - but responsibility and accountability was devolved to the 'local' level.

Second, Further Education plays an important part in the welfare system of Scotland and in the Scottish Education system. At present, there are 46 colleges in Scotland providing Further Education; 43 are incorporated, whilst the remaining three have different funding arrangements (see Appendix 1). Approximately 400,000 students attended the 43 incorporated colleges in 1997. (FES, 1997).

Provision is wide ranging and covers a variety of courses, levels, ages and modes of delivery. Courses cover both vocational and academic subjects but social studies and languages comprise the largest sector, followed closely by business management. Levels include National Qualifications, Scottish Vocational Qualifications (SVQs), City and Guilds, Professional Awards and Higher Education courses delivered within Further Education (Scottish Office, 1998).

Third, the Further Education sector has an important place in the 'learning and information society': Further Education is a plank in both the National and Scottish administrations' attempts to implement their strategy of lifelong learning and to increase social inclusion among disadvantaged or excluded groups. For example, part-time provision (including day-release) is the main type of provision within Further Education and there are more than five times as many part-time students as full-time students studying at Scottish Colleges. There is also a wide age range of students taking courses within Further Education. For example, in his annual report to Parliament in 1997, the then Secretary of State for Scotland, Donald Dewar, estimated that more than half the students on Further Education courses in Scotland were over 25 years. Moreover, in 1997 the number of students studying Higher Education courses within the FE sector had risen to 28% (FES, 1997). Therefore, as well as serving as a stepping-stone for many disadvantaged groups, Further Education is also an important provider of Higher Education in its own right.

Fourth, the Further Education sector is significant for the Scottish economy. This can be evidenced from many reports, policies and statements produced by the Scottish Office. For example in terms of overall importance to Scotland the report 'The Impact of Scotland's Colleges on the Economy of Scotland' (Nicol, 1995) suggested that,

'The FE sector has positive effects on all Scottish industries, all household income classes, and all occupational groups' (Nicol, 1995:4).

In themselves, Further Education colleges contribute significantly to the Scottish economy. In 'Opportunities for Everyone' (Scottish Office, 1999c) it is reported that FE accounts for approximately half a billion pounds of expenditure annually and some of the colleges have an annual turnover of over twenty million pounds.

Finally, despite the importance of Further Education to the education system, the economy and the implementation of government policy, the transition of Scottish colleges from regional authority control to their incorporated status has been little studied. The college system in England has received some attention but there is a need to fill the gap in the research of Further Education in Scotland.

The history of FE

Further Education is sometimes seen as the 'Cinderella' service within the portfolio of education services in the UK. This may stem from its traditional roots which include: its link with vocational training - especially of trade apprentices; the association of colleges with particular industries such as shipbuilding and engineering; and its reputation for being 'non-academic'.

However, this situation has changed drastically over the past 50 years. As we have seen, Further Education is now an important element in the social inclusion strategies of

government but it also provides a wide range of services and educational qualifications. These include, for example, helping businesses with training requirements - this may involve local Small and Medium Enterprises (SMEs) or larger companies who request training in a specific skill such as Information Technology (IT). In Scotland, the introduction of new, and changes to existing, qualifications has also occurred with Scottish Vocational Qualifications (SVQs), workbased learning, part-time provision, Professional Development Awards (PDAs), modules, A levels, and Higher Still, greatly expanding the provision within FE. As well as competing with school provision in terms of Highers and Advanced Highers, Scottish colleges also offer a whole raft of Higher National Certificates (HNCs) and Higher National Diplomas (HNDs), which deliver Higher Education courses within college provision.

In discussing the changes in Further Education brought about by public sector reform, it is worth noting that change in the Further Education sector is not a new phenomenon. Social and economic changes, and developments in the tertiary education sector, have always had an effect in shaping Further Education, and it is to these developments that we now turn.

In the 50s and early 60s Further Education was, by and large, concerned with operative work, which had at its root practical 'hands on' training for apprentices. Some of this provision was locally based, with particular colleges offering specialisms - thus particular colleges have a history associated with shipbuilding, agriculture, and so on.

However, significant changes in industry and commerce in Britain over the past 30 years have had a major effect on the Further Education sector and its delivery of education and training for apprentices. Although the early history of Further Education was focused on training, *The Industrial and Training Act* of 1964 moved responsibility for skills training from Further Education and employers to agencies and training services. This was seen as a better way of meeting the needs of industry and reflected some of the supply side

economic policies of that era: critics of economic policies saw a lack of competitiveness arising from the lack of investment in training - particularly of young people.

Although, at first sight, some of these developments might suggest a diminution of this service in Further Education, in reality many training agencies have contracts with Further Education colleges to provide training and education in schemes devised by the agencies. So, although this might have led to some reduction in this type of work, colleges and training agencies have close links with each other and training agencies themselves are subject to the vagaries of government policies.

‘Vocationalism’ itself has been established for many decades, e.g. City and Guilds qualifications, but from the 70s onwards there was an increasing emphasis placed on vocational training. Nor was this a move solely from right wing politicians. In 1976 James Callaghan attacked the school sector for not emphasising the skills needed to ‘earn a living’. The emphasis on vocational training was strengthened with the setting up of such bodies as the National Council for Vocational Qualifications in 1986 (Roberts, 1995) and schemes such as Youth Opportunities Programme (YOPs).

These developments were spurred on, in part, by concerns about youth unemployment. Although youth unemployment in the 1980s and 1990s was part of the general trend in unemployment, among young people employment had declined much more sharply than the general population. This may be because the vulnerability of young people had been exacerbated by the economic and occupational restructuring of the 1980s and early 90s. So, although there was growth in the business sector, this sector did not, as a general rule, employ young people. Moreover, because many young people were in Youth Training, employers targeted older young people who had finished YT (Roberts, 1995).

Modern apprenticeships, introduced in 1994, were the latest addition to the vocational menu and involve training that leads to level 111 SVQs/NVQs (Roberts, 1995). Modern

apprenticeships are currently delivered through the Skillseekers programme and although fairly successful in attracting young males to traditional occupations, there has been a poor take up among ethnic minority groups and women. In 'Opportunities and Choice' (Scottish Office, 1999) a new target of 15,000 modern apprenticeships was given for 2002.

The development of the micro-electronics industry, the decline of heavy industry, and the growth of service industries also had a huge impact on the type and level of skill required by employers. Thus, demand for skills in such areas as engineering, building, welding, etc., declined and skills in IT, business administration, customer care and hospitality all gained ascendancy (SRC 1, 1981).

So, training in Further Education in both Scotland and England has had various ups and downs that have affected delivery in general and also in the way in which funds for training have been allocated. However, the 1980s and 1990s saw it being driven by an overt political agenda that had at its roots neo-liberal economic ideas and the need to cut the Public Sector Borrowing Requirement. However, this was not only a concern for right wing governments and Tory policies but also for the Labour administration elected in 1997. This can be seen in such initiatives as Welfare to Work, New Deal, the introduction of fees and abolition of grants for students (which affects Higher National delivery in colleges).

This focus on training and employability can be seen in almost every policy or consultation document related to education. It has also been the guiding principle in the introduction of curricular changes. For example, for a decade and more, the focus has been on the modular system of vocational training and this has been strengthened with the introduction of the new Higher Still curriculum in Scotland and the expanded A level structure in England, which offer national qualifications at various levels in vocational as well as traditional academic subjects.

In 1994 the training targets for Scotland were set out as a guideline for those drawing up college development plans, which are required by law to be submitted to the Scottish Office on an annual basis. Since 1994, the Advisory Scottish Council for Education and Training Targets (ASCETT) has been responsible for setting competitiveness targets and monitoring progress towards them. In 1994 the targets set were: 85% of young people to attain SVQ level 11 or 5 standard grades; 70% of young people to attain SVQ level 111 or 3 Highers; 60% of workforce to be qualified to SVQ level 111 or 3 Highers standard. However, in 'Opportunities and Choice' (Scottish Office, 1999b) a consultation paper on post school provision for 16 - 18 year olds, it was clear these targets were not met with at least 40% of pupils leaving school without attaining the first of these targets - 5 standard grades.

The New Deal programme was the cornerstone of the Welfare to Work initiative with 300 million pounds allocated to its implementation over the lifetime of the Parliament elected in 1997. Initially aimed at 18 - 24 year olds who had been unemployed for 6 months or more its objective was to improve skills and employability. More recent initiatives include New Deal for Adults (with an input of 35 million pounds) and New Deal for Lone Parents and Disabled Parents. The key players in implementing New Deal have been the Local Enterprise Companies but Further Education colleges have also had a significant input into training.

Moreover, there have been a number of other reasons why particular trends lead to increases and decreases in the numbers using the Further Education sector. In the 80s and 90s the increase in unemployment resulted in more adults seeking part-time study. The long-term unemployed were targeted by agencies and policies that in turn were tied to funding such as New Deal and this was a lucrative market for colleges.

However, all colleges in the year 2000/2001 experienced a downturn in admission numbers for full-time courses. Research into the reasons for this is still ongoing but three

factors are seen to play a part. These are: the new funding/grant structure (affecting students on HN courses); competition with Higher Education with some institutions lowering their entry qualifications thus encroaching on the pool of students who hitherto had applied for FE courses; and the improved employment situation which provides alternative opportunities for those who might in the past have considered FE as a way of improving employment prospects.

Changes in the School sector have also had an effect on the Further Education service. The school leaving age was raised to 16 years of age in the early 1970s and this removed a large number of 15 -16 year old, who had previously taken part of their apprenticeship in a college, from the Further Education sector. This has been exacerbated by the demographic trends that indicate a fall in the number of 16 - 21 year olds - thus a shrinkage in the possible market of Further Education students.

However, at the same time, some of this decrease has been offset by increases in particular areas. For example, increasing leisure time for adults, whether this be through early retirement, flexible working or part-time work, has also offered opportunities to expand the service and this has been coupled with a rising demand from adults for retraining, for example IT skills, or upgrading of qualifications.

Developments in Higher Education also resulted in concomitant changes in the Further Education sector. As the Higher Education sector increased its provision a certain amount of technical and lower academic work was devolved to the Further Education sector under the auspices of local authorities. In the 1960s, expansion of student numbers in the Higher Education sector led to increased opportunities for mature returners, with Further Education providing the qualifications that made access to Higher Education possible. As a result the demand for Further Education services increased and brought a more varied range of students and courses into the sector (SRC 1, 1981).

Overall, therefore, there is an optimistic view of Further Education that seems to be supported by official policy statements from the present political administration and it would appear that a strong role is envisaged for Further Education in the current strategy for lifelong learning. For example, In 'Opportunity Scotland' (Scottish Office, 1998) it is stated that:

'Colleges are playing a full part in ensuring that the future Scottish economy is built on the solid foundation of an appropriately skilled workforce. Colleges also need to cater for student aspirations and demand for the more 'transferable' or marketable general vocational qualification that will suit those who wish to improve their employment prospects without necessarily having one specific employer or employment sector in mind' (Scottish Office, 1998:2.33)

To help towards meeting these targets a number of recent national and Scottish initiatives have been developed. In Scotland, one such initiative is the Scottish University for Industry (SUFI). £16.3 million was committed to establishing SUFI and £1.3 million used to launch this. SUFI has six key areas of responsibility. These are: analysing the needs of the market and client groups; marketing and promotion to drive demand; an information, advice and guidance role; ensuring high quality educational programmes; commissioning new provision if necessary; and ensuring quality of product and service. Another UK development is the National Training Organisation network that has been established to try and bridge the gap between employers in each sector and the education and training system. A third national initiative is the National Grid For Learning (NGFL) that will concentrate on Information and Communication Technology (ICT) and although starting in schools will eventually affect colleges and Higher Education by providing both material and the necessary infrastructure.

Other recent changes in Scotland, which are significant in the development of Further Education, its operation, and to the central themes of this thesis, include the incorporation of Scottish Colleges in 1993 and the setting up of a new funding

mechanism through the installation of the Scottish Further Education Funding Council (SFEFC).

The *1992 Further and Higher Education (Scotland) Act*, took Further Education colleges in Scotland out of local authority control thus decoupling them from other education provision. Control was now devolved to individual colleges but with ultimate control being retained by central government - now the Scottish Executive. As we shall see, this had a huge impact on the operation of the colleges. Together with the devolved status of colleges, the funding of colleges also changed. Traditional funding had been decided by, and given through, local authorities, but immediately after incorporation this was given directly from the Scottish Office. However, in July 1999 the Scottish Further Education Funding Council was instituted to oversee all aspects of funding to the sector and the effects of this are still being evaluated by the sector. Incorporation and funding are two major elements in the themes of this research and we will return to these issues later in the thesis.

Incorporation, however, did not necessarily usher in a period of stability. The election of the 1997 Labour Government and the transfer of limited powers to the Scottish Parliament signalled further changes for the FE sector.

In particular, three key policy areas relating to education have impinged heavily on the Further Education sector in recent years. These are: social inclusion, widening access to, and increasing participation in, higher education. Despite Scotland being the vanguard reaching the national target of 50% school leavers progressing to Higher Education (including Higher Education taught within the Further Education sector), there are many disenfranchised groups that still face social and economic barriers in accessing Higher Education. Many initiatives have been developed by government to meet the objectives of their social inclusion and widening access agendas and Further Education plays a significant role in these developments. For example, in Scotland four Regional Forums

have been set up under the Wider Access Development Grant and funding has been made available from the Scottish Funding Councils¹ to establish projects that will help meet government objectives in this area of social policy.

Another major aspect of change that occurred with the installation of a new administration in 1997 was the stated aim of moving from needless competition and wasteful duplication to initiatives that sought to encourage collaboration and co-operation within the Further Education sector. However, as will be argued, this did not necessarily lead to changes in organisation as had been hoped for by the detractors and opponents of the Tory market reforms.

Unified or fragmented sector?

In reviewing the development of Further Education, the question arises whether Further Education can be viewed as a distinct or national sector with an identifiable culture? This question can be explored by examining the cohesiveness of the sector and the similarities and differences between sectors in Scotland and England, pre- and post-incorporation.

It could be argued that although there were differences between Scotland and England, in pre-incorporation times, some common themes - voluntarism and vocationalism - helped to create an ethos which gave Further Education a focus and helped to unite the sectors within and across borders.

However, in England, the sector was far larger in terms of the number of colleges and students and more complex in the types of institutions that comprised the sector. This included large and small Further Education colleges, specialist colleges, sixth form colleges and tertiary colleges (Spours and Lucas, 1996). In Scotland, a smaller sector

¹ The Scottish Funding Councils comprise the Scottish Higher Education Funding Council and the Scottish Further Education Funding Council.

with fewer types of institutions made commonality and communication easier - although colleges do range from large to small there are only a few specialist colleges such as Sabhal Mor Ostaig (the Gaelic College).

However, it would be wrong to exaggerate the extent of unity within the Scottish sector. As we have seen, colleges had local identities that were often linked with local industries and this tended to dilute the sector as a whole. This did decrease somewhat after regionalisation and with the decline of the traditional industries associated with particular colleges but it could be argued that since incorporation further fragmentation has occurred because of the 'branding' and marketisation of individual colleges.

The complexity and composition of the sector in England also led to further internal differences. For example, Spours and Lucas (1996) suggest that in England both Further Education colleges and sixth form colleges compete for the same market - 16 to 19 year olds. In Scotland, the provision of qualifications such as Highers was historically small with the focus being on vocational qualifications. The school and FE sectors were also seen as distinct and competition was minimal. Rather, competition tended to be with the post-'92 universities because of the need to attract the same potential HNC/HND/Degree students.

However, with the introduction of the new Higher Still curriculum in 1999, the expansion of academic qualifications such as Highers and Advanced Highers being offered in colleges, and the introduction of vocational subjects in schools, greater pressure has been put on these sectors in Scotland to gain their share of the post-16 market.

Another feature that points towards the cohesiveness of the pre-incorporation Further Education sector relates to regionalisation in Scotland in 1973. Staff in Further Education colleges became members of the regional councils and, as such, could move between colleges - which in the case of larger regional authorities affected as many as 21

colleges. This did give some coherence to the sector - albeit in a regional rather than national sense.

During regionalisation, within the Scottish sector, the exchange of information and course material and collaborative working, if not actively encouraged, was certainly not discouraged. Intellectual property was seen as a matter for regional authorities rather than being the concern of individual colleges and, prior to incorporation, selling courses for open-learning purposes and as a way of generating income was not common practice.

In Scotland, organisations such as the Scottish Further Education Unit (for practitioners and managers) and the Association of Scottish Colleges (representing the Principals and senior managers of colleges) were established through contributions from individual colleges to work on common issues and interests. In the post-incorporation era, these organisations would claim success in maintaining coherence within the sector on a number of issues such as Core Skills, Higher Still, SVQs and Quality and Management issues. In England similar organisations, such as Further Education Development Agency, the National Association of Teachers of Higher And Further Education and The Staff College, have served the interests of the sector as a whole.

One further feature allows the claim to be made that the sector was 'national' and unified pre-incorporation. This relates to the representation of teaching and non-teaching staff in national bargaining. Teaching staff and non-teaching staff each had nationally negotiated conditions - known as the 'blue book' conditions in Scotland and 'silver book' conditions in England. It can be argued that these conditions established a common labour market within Further Education and gave the sector cohesiveness and staff a shared interest.

However, one feature of the post-incorporation era is the replacement of national bargaining and conditions with local bargaining and conditions. Spours and Lucas (1996) suggest this is one reason for fragmentation of the sector. According to Randle and

Brady (1997) this fragmentation has been exacerbated further by the diminution in wage bargaining stemming from the lack of professional status of FE lecturers which allows the extensive use of part-time staff.

Although commentators have noted that some post-incorporation characteristics - national funding methodology, sector strategic planning, collection of statistics on Further Education, the setting of targets for growth and enrolment - suggest a case could be made for a distinct sector (Spours and Lucas, 1996), there are other factors which seem to contradict this stance. For example, Spours and Lucas (1996) argue that the factors identified above have to be offset against a number of other features such as the variety of institutions offering Further Education, the division of post-16 education between schools and colleges and the separation of funding for recreational and vocational courses.

This point of view resonates with that given by Hall (1994) in his analysis of the history of Further Education. Hall (1994) has argued that the post-war expansion of Further Education lacked coherent planning and that the pragmatic response of Further Education has undermined any development towards an integrated sector. He states that

‘To critics of further education, more used to a school or university ethos, it has meant that colleges have not had a strong cultural or intellectual tradition which could have provided a framework for the creation of curriculum balance within the institution’ (Hall, 1994:10)

Green and Lucas (1999) suggest that one reason for the failure of Further Education to develop an institutional identity has been the ‘lack of system’ and ‘strategic drift’, which has not been resolved with incorporation. Further Education has failed to develop educational ideals and has instead been caught in the pursuit of funding and numbers in order to remain viable. The composition of the sector also works against coherent institutional identity. In Scotland and England the sector includes large and small

Further Education colleges and specialist institutions such as agricultural colleges and in England, includes sixth form colleges and tertiary colleges. This leads to different types of colleges attempting to draw on the same pool of students and offering the same range of qualifications. The result is that any national or longer-term strategies that might strengthen Further Education as a sector have been squeezed out in the pursuit of more immediate objectives.

However, as this thesis will go on to argue, this ‘strategic drift’ and lack of institutional identity may be the reason for the survival of Further Education through all the changes in its history, varying economic conditions and different political philosophies of successive governments. As we shall see, Further Education remains a strong element in the education portfolio despite its predicted demise by supporters and detractors.

Chapter 2: Review of literature and theoretical concepts

Power relations and their conceptualisation

One key theme of this thesis is governance and this issue needs to be examined in the wider context of power relations and their conceptualisation.

In Western society there is a deep-seated belief that power is exercised through consent - that it is legitimate. According to Weber (1922), this stems from the rational-legal forms of authority, which characterise many modern societies and particularly the modern state. The authority of those who are in power comes from the positions they occupy in the state and the laws that specify the scope and limits of their power. Personal characteristics and tradition are no longer deciding factors in who has authority but this is instituted through a rational-legal framework which gives legitimacy to power holders.

Power as consent permeated early discussions of sovereignty and government and it has also had a significant influence on modern political thought. Although early political philosophers, such as Hobbes and Locke, were concerned with issues of sovereignty they disagreed on its locus. For Hobbes, sovereign power was constituted by the agreement of those who were to be the subjects of that power. On the other hand, Locke considered sovereign power to be the power of the sovereign over the subject. Nevertheless, both views imply the consent of those involved.

This view has not been significantly challenged by modern theorists. Although they may differ on finer points², Mills' elite theory, Dahl's pluralist theory and Lukes' radical view

² Lukes' view varies in the respect that he does see the mobilisation of bias as a way of controlling the thoughts of others, a view shared by others such as Marcuse and Habermas.

all take a broad qualitative approach which rests on the notion of consent by those over whom power is exercised. As a result of these developments, and perhaps because it is seen as an 'ideal' form of power, the notion of consent remains a dominant idea in Western political thought (Hindess, 1996).

Another tendency is to see decision making and who governs as synonymous but this could be misleading. For example, those making decisions may be doing so at arm's length from those who govern. There is also a tendency to conflate the concepts of power and government. Some commentators have suggested that one consequence of this may be that it obscures the factors that reveal the true nature of governance and for this reason who is in possession of power, and the way it is used, need to be explored as separate issues (Hindess, 1996.).

Hindess (1996) suggests that Foucault has attempted to reveal some of these factors by moving away from concerns with legitimacy and sovereignty and offering an alternative view to that of power as consent through the mechanisms of rational-legal authority. According to Foucault we need to separate the concepts of power, domination and government. He distinguishes between power in general (which has been the main concern of Dahl, Mills and Lukes) and the domination of government (Hindess, 1996).

Power relationships involve those who are technically free which means that these relationships can be both unstable and reversible. However, if we look at domination and government then these involve relationships that are relatively stable and hierarchical. In situations of domination those who are subordinated are limited in their room for manoeuvre. Hindess (1996) suggests that Foucault's view is that domination should be avoided and for this reason power and domination must be seen as separate otherwise power itself would be seen as bad.

In offering an alternative to power as consent, Foucault argues that the notion of government based on consent is in *itself* a rationality of government and, as such, should not be seen as the *absence* of domination but rather as a fundamental *effect* of domination. If systems change what we see is merely the substitution of one set of powers for another, and Foucault suggests it is more useful to focus on the practice of governments, i.e. how governments conduct the conduct of others, for example, the state, the population, and so on (Hindess, 1996).

In this way, Hindess (1999) argues, Foucault treats government as a 'distinctive modality of the exercise of power' (Hindess, 1996:99). Power is everywhere and is available to anyone and therefore what is important is the way it is used to control the behaviour of others. According to Rose (1996), Foucault argues for a clear distinction to be made between the political rationalities - which are the justifications for conduct of government - and other aspects of government such as the practical objectives pursued and the technologies used.

Hindess (1996) has suggested that Foucault has used this distinction to argue that in order to maintain power it is necessary for governments to offer specific rationalities that support their right to govern. So if we talk about government based on consent this is simply a rationality and does not necessarily tell us the way in which people are governed. This would suggest that democracy and freedom are not forms of government but simply rationalities used by government. In this way, the concepts of democracy, or of freedom, should not be the focus of analysis but rather the way governance manifests itself.

To do this we need to examine the instruments, techniques and procedures that may be used in guiding or controlling the actions of others. If we want to uncover the true nature of governance then we need to focus on the *practice* of governments, i.e. how they regulate the behaviour of others, the state, and the population, through the use of particular technologies (Barry et al, 1996; Hindess 1996).

Hindess (1996) sees this as important to Foucault's argument because in any discussion of the state (including the welfare state) what matters is not the state itself but the broader strategies of government which are employed to manage the population, institutions, organisations and processes within the state. If we accept this view then it is not *the state* that determines the boundaries between private and public spheres, but the *specific technologies* of government.

Moreover, Hindess (1996) points out that Foucault did not regard the state as the only agency of government. Foucault argued that governance takes place in a variety of state and non-state contexts and the work of government is performed by both state and non-state agencies that are closely involved in shaping the public and private behaviour of individuals. In this way what is distinctive is not that the state *itself* makes something public and the non-state that makes something private but the way specific rationalities and technologies are used. Governments may adopt specific rationalities of government although they may implement particular technologies that run counter to these rationalities.

Again, if we accept this view, then it is not important whether governments talk about the delivery of services through the welfare state or through 'the market' - both are simply rationalities. Barry et al (1996) have argued that to uncover the true nature of governance of the public services we need to examine the practices and technologies used by governments. Thus 'freedom', of which non-interference is the purported aim, may reveal something else in the examination of practices and technologies and notions of the welfare state may in fact contain elements that are market driven.

The state can be seen as a unified set of instrumentalities but what matters are the broader strategies of government within which the instrumentalities of the state are incorporated and deployed. Power is manifested in the instruments, techniques and procedures that

may be brought to bear on the actions of others and the exercise of power may mean 'strategic games between liberties' (Foucault 1988: 12)

Barry et al (1996) have argued that discourses are also important in Foucault's analysis of power because power is inscribed within discourses and therefore they are more than just representations of distortions of society. Rather they are 'material' in that they are 'economies' with their own technology, tactics, etc. Thus, for Foucault, discourses are the medium through which practices and institutions function. Governments adopt particular discourses to support a specific rationality and there is some evidence that this has been done. For example, Hall (1988) looked at the rise and fall of Thatcherism and suggested that her governments maintained dominance by taking ideological elements and making a discursive chain - even though elements of society were antithetical to her ideas.

The public sector reforms of the 1980s and 1990s had at their centre both a change in the ideological focus of welfare delivery and public services as well as concomitant changes in the practices of delivery and underpinning this is the concept of freedom as expressed through neo-liberal ideas and policies.

Freedom

Those arguing for 'freedom' as a principle of government often distinguish between negative freedom and positive freedom (Hayek, 1960). Negative freedom is seen as the absence of coercion and non-interference by the state. Positive freedom, on the other hand, is where the state intervenes to bring about some action, e.g. welfare provision. Liberalism is associated with the former and is commonly understood to be the defence of natural liberty against the encroachment of the state (Hindess, 1996; King, 1987).

The best way of ensuring this freedom is through the market as it gives people the opportunity to respond to the unpredictable in the best way (as opposed to planned

economies where unpredictability creates problems). Even if individuals have no real options but are *not* controlled by others they are still considered free, and although the market may have some boundaries and limitation these are not the result of *intended action* therefore do not count as coercion. The state on the other hand cannot provide this freedom because it is planned and action and is therefore the antithesis of freedom (Goodin, 1982; King, 1987).

Proponents of 'freedom' regard the market as imperative and the state's role as necessary only in a limited sphere of action such as regulating the tax system. As opponents of the welfare state, they argue that individuals must have the freedom to operate within a market with the individual being able to move freely between choices. This view rejects any notion of social justice arguing instead that market forces are the best way to allocate resources and that government's role is to minimise any distortions. This way a 'spontaneous order' will arise from the interactions of users and producers through the unplanned market mechanism (Hayek, 1960).

The view that the state is the primary force of coercion threatening the individual has been taken up by the New Right. New Right thought begins with the individual and it is the individual who is the crucial component (King, 1987). The dislike and opposition to state interference became a tenet for the Thatcher government and this was based on a belief that not only the 'free' benefit from negative freedom but also the unfree majorities - thus the support for the 'trickle down' effect of wealth creation and attacks on the trade unions and the welfare state.

The implication here is that the civil, economic and social rights accumulated since the 19th century would be better provided by the market. Those who support a welfare state see social rights as essential and argue that social needs should be met by some form of state intervention - whether this is through the democratic state or the centrally planned state. However, because Liberalism is commonly understood to be the defender of

natural liberty against the encroachment of the state those adopting liberal philosophies make the case for the state to be an arbiter rather than a deliverer of services.

Many of these ideas were incorporated into the public sector reforms of the 80s and 90s and have their roots in the writings of commentators such as Hayek. Influenced by Hayek and others, supporters of the free market system oppose widespread social rights and see the 'market' as the most efficient way of meeting social needs.

Hayek (1960) sees a difficulty in the way in which notions of freedom and democracy, two tenets of modern day political thinking and practice, are used. For some, and perhaps in everyday language, freedom and democracy have become conflated. However, Hayek makes the case for a clear distinction to be made between these two concepts.

Liberalism or freedom³ is concerned with limiting the coercive power of all governments. In *The Constitution of Liberty*, Hayek (1960) argues that there are two basic views of freedom. The first, which he rejects, was put forward by rationalists who saw a coming together of individuals to design a world order. The other, which he supports, was put forward by empiricists who saw the emergence of a social order through adaptive evolution. In particular this latter view means the renunciation by the state of direct control over individual efforts and affairs.

Democracy on the other hand is concerned with current majority opinion. According to Hayek (1960), this means that general equality only can be expected and that one result of freedom may be inequality. For this reason there may be a conflict between democracy and freedom and, although Liberalism does not countermand democracy, it considers it desirable only in terms of the majority accepting what should be law. In Hayek's view,

²In his discussion in *The Constitution of Liberty*, Hayek uses liberalism and freedom synonymously.

democracy can be a positive force but only if it involves limited government (Hayek 1960)

And for Hayek (1960), freedom is the most important principle. This is because he considers that the advance of reason itself depends on freedom. He does acknowledge, however, that this freedom is unpredictable and there may be a price to be paid. This price is responsibility and may be the reason freedom is unpopular and, in some cases, feared. Moreover, freedom does not mean people can have everything they want, nor that everything which flows from it will be good. This is because freedom cannot simply be confined to situations that are only known to do good - otherwise it is not freedom. Instead people must choose between complex advantages and disadvantages.

Also, for Hayek (1960), the danger in conflating the two concepts of freedom and democracy is that once each has been identified with the other then there is no limit to practices which, although they appear to support freedom, actually destroy individual liberties. He suggests that majority rule means compromises that satisfy no-one, and that all new ideas start among the few and spread to the masses.

So, for commentators such as Hayek, although liberalism and democracy are not necessarily antithetical, the rationalities, techniques, and effects on social actors, which derive from each political philosophy, differ. Liberalism is concerned with negative liberty, which involves the free operation of the individuals within the market place and limiting any coercive power of government. Democracy on the other hand is seen as current majority opinion but where individuals may lose out on particular benefits. In this way, Hayek is making an argument in support of 'freedom' as the best way of progressing society and, if we are to accept his argument, for running society and thereby delivering services to its citizens.

One of the main differences between these two philosophies is that they differ on the scope of state action that is to be guided by democratic decision. Particular concerns are the power to coerce and the ability to interfere with the private sphere of the individual. This does not mean that co-operation or organisation are not possible but organisation must be voluntary and free (Hayek, 1960).

However, as Hindess (1996) has pointed out, it is the specific technologies of government that define the limits and boundaries of public and private sphere. It is not the state itself that forms the boundary between public and private, but how government as the agent of the state makes that distinction. So, these aspects are not 'natural', but chosen by governments for particular purposes. Moreover, the work of government is performed by both state and non-state agencies and takes place in a variety of state and non-state contexts and therefore the clear distinction made in theory are much more difficult to separate in practice.

Other criticisms of both Hayek and New Right ideas on freedom come from King (1987). King (1987) argues that although the New Right sees the need for civil and political rights they question need for social rights. Thus the rights of property and ownership are important so the market can work but rights of health or employment are not seen as necessary. Heald (1983) is also critical of this in that freedom in the market centres on private property and ownership but this often means non-owners are precluded - thus generating a set of unfreedoms.

King (1987) is also critical of the New Right view that too much power to the state leads to totalitarianism. He points out that the opposite is true and that the extension of welfare rights in the West has not led to totalitarianism but has *increased* social and economic rights. He also cites other criticisms made by Newman and Plant. Newman argues that within market systems labour may be formally free but if in the long run their position in the market works against them, then the *market* is working against them.

Plant refutes Hayek's claim about the unintentional nature of the market by suggesting that although transactions are unintentional they are still predictable and we know they will distribute benefits unevenly. Thus, the acceptability of the market as neutral should be questioned on moral grounds because of the bias built into the system (King, 1987).

A final anomaly is highlighted by King (1987) who argues that in seeking to increase liberty, the state has to use the full range of powers available to it and perhaps increase these. Heald (1983) supports this view and has argued that re-establishing the market has meant an *increase* in state and government activity. The police force had to be strengthened, trade union activity and power had to be reigned in, and the welfare services had to be rationalised.

However, as has been illustrated, the concept of freedom is not simply a principle underpinning recent public sector reforms and it can be seen as both a *rationality* of government and the basis for the strategies and techniques that can be seen in the *practice* of government.

Rationality and Freedom

Writers such as Marcuse (1972) have suggested that advanced industrial societies have made liberty into a 'powerful instrument of domination' (Marcuse, 1972: 21). This suggests that 'liberty' is not simply an abstract philosophical term, but one that results in specific consequences from its action.

In discussing Foucault's work on governance, Burchell (1996) notes that, for Foucault, government is the 'conduct of conduct' and that one aspect of the practical systems through which individuals are governed is rationality, which is a principle and method *and* a rationalisation of government practices.

Hindess (1996) also examines Foucault's view of three rationalities of government - discipline, pastoral and liberalism. For Foucault, the rationality of discipline emerged in the 17th century. The subject of power was seen as a source of unstable energy and therefore needed instrumental control, i.e. discipline. Foucault presents discipline and its associated techniques as being present in all modern societies because discipline itself is regarded by these societies as a *generalisable* technology of government and, as such, has permeated many social institutions and forms of governance (Hindess, 1996).

Pastoral power refers to the aim of government to promote the well being of subjects by regulating their behaviour. The concern of pastoral power is with welfare of people both individually and collectively although those in power are superior and may require people to act *without* consent⁴. According to Hindess (1996) this rationality of government was seen by Foucault as emerging from early forms of the church but it could also equate with aspects found in the welfare states of the 20th century.

Liberalism, as we have seen, is commonly understood to be the defence of natural liberty against the encroachment of the state. Liberal rationality of government is the belief that long-term objectives of government are best pursued through the free decisions of the individual. In Liberal rationality the role of the state should be to promote that freedom. However, because democracy is said to represent a potential threat to liberty - because those who pursue political power may introduce programmes that sacrifice liberty - then government itself must be limited. Moreover, in Foucault's view, liberal rationality regards the liberty of subjects as an indispensable element of government itself. However, this leaves government with a problem because members of the relevant population cannot always be expected to have developed the thought and behaviour of free and independent persons (Hindess, 1996).

⁴ This view contrasts strongly with the notion of political power resting on consent.

Despite being conceptually separate, these rationalities of government do not operate independently of each other. Given the generalisability of discipline within government it would be misleading to see discipline and freedom as oppositional. Barry et al (1996) suggest that rather than analysing discipline and freedom as oppositional rationalities of government it would be more useful to examine the conditions wherein the practice of freedom has been possible. Echoing Foucault's ideas, Rose (1996) suggests the focus of the question is to what extent 'freedom' has become a *resource* for government. So at the same time as being a rationality - a justification for how society is governed - freedom must be seen as a resource for controlling the conduct of others (Barry et al, 1996; Rose, 1996).

According to Burchell (1996), early liberalism set limits to what governments could do or not do vis-à-vis civil society and from this standpoint emerged laissez-faire and free hand-of-the-market approaches. However, in reconstituting liberalism into neo-liberalism the problem for governments in relation to the public sector has been how to construct the legal, institutional and cultural conditions that will enable the elements of competition and entrepreneurial conduct to be brought to the fore.

Many of these ideas on, and changes in, public sector governance have been influenced by the New Right's ideas on public choice. These ideas rest on the notion that by lessening provision funded through taxation the individual will be able to use that money to choose from privately provided services. This is seen as the best way to ensure a democratic and administratively efficient service. However, this leaves a problem for government - how to maintain overall control - and one way is to introduce technologies of governance that allow power to be exercised 'from a distance'. Thus we see the introduction of technologies, which involve enterprise forms, decentralisation and devolved responsibility.

According to Burchell (1996), new quasi-market/entrepreneurial models and practical systems must be invented for those individuals and institutions who have to date been

outside or antagonistic to the 'economic' and the introduction of neo-liberal policies has meant that this enterprise form has been generalised to all forms of conduct - non-economic institutions, individuals, and government itself. The aim and hope of those implementing neo-liberal policies was that applying market principles to public services would lead to an 'enabling state' where standards would be set by government but checked by various agencies and delivered by private or autonomous public organisations. So rather than having monolithic organisations this should lead to a much more differentiated system (Walsh, 1995). Examples of this are marketisation and monetisation. By turning welfare agencies into purchasers, government can devolve responsibility. However, letting the market mechanism regulate behaviour and transforming activities into cash terms allows new forms of power to emerge (Rose, 1996).

The questions that arise from this discussion are whether competitive, optimising market relations and behaviour have served as a principle for limiting governmental intervention and whether the 'market' has been used for rationalising government itself (Walsh, 1995; Burchell, 1996)? For many the answer is 'no' because the introduction of enterprise forms and decentralisation processes have gone hand in hand with increasing authoritarian political mechanisms and the principle of competition has become dominant mode of coordinating activities of these decentralised units.

The aim to manage through the rationale of freedom has in turn been pursued through particular strategies and techniques (Hoggett, 1996; Kirkpatrick and Lucio, 1996; Rose, 1996). Within neo-liberalism this can be seen in technologies such as auditing, accounting, inspections, quality assessments, reviews staff appraisal, performance related pay and TQM⁵ (Hoggett, 1996; Rose, 1996). This enables a 'market' for public services

⁵TQM - Total Quality Management.

to be established without visible central government control and budgetary discipline and audits have become a

‘versatile and highly transferable technology for governing at a distance’
(Rose, 1996: 56)

So, although a process of decentralisation has taken place as a means implementing neo-liberal reforms, this decentralisation has been accompanied by the introduction of management systems which have been designed to shape and monitor organisational behaviour (Hoggett, 1996). Pollitt (1990) characterises the introduction of these systems as ‘neo-Taylorism’ because of three factors: the shift of emphasis from input to output controls; the replacement of direct scrutiny with remote and less visible forms; and a focus on performance indicators as the means of defining the boundaries of operational activities. For Pollitt (1990), these technologies contradict the notion of a ‘hands off’ approach to organisational control.

Rose (1996) has suggested that the techniques of government in advanced liberal strategies create a distance between the formal political institutions and other social actors. This is achieved by creating a new relation between expertise and politics. Expertise, once seen as the closed domain of professionals, can be monitored, measured and evaluated through budget disciplines, accountancy, and audit. Thus:

‘Grey sciences have become all important and allow for distance to be put between the political and the expert.’ (Rose, 1996:53)

and these new technologies have become all important as

‘new ways of penetrating the enclosures of expertise’ (Rose, 1996:54).

However, the relationship between the political and the professional or expert is complex. In some areas there has been a marriage of professional and manager, e.g. NHS consultants taking on a management role, and in other areas there has been a reduction in professional autonomy as performance management systems permeate public sector organisation, e.g. introducing the professional manager who has skills in management but who has no expertise in the area in which he/she is working.

Performance management techniques, which have been extensively developed over the past twenty years, and which have been crucial to the realisation of neo-liberal policies years, create a paradox in that in a devolved management system some aspects are freed whilst others are constrained. So, for example, operational managers may have control of local resources necessary to complete their tasks but the *allocation* of resources, performance targets and strategic planning is retained centrally (Ball, 1983; Hoggett, 1996).

If this *is* the case, then it would be a mistake to see neo-liberalism as simply a negative response to welfarism. Likewise, the pursuit of neo-liberal policies and the adoption of market discourses does not necessarily mean public services have been left to the control of the 'market'. As Barry et al (1996) note

'The supposed separation of State and civil society is the consequence of particular problematisation of government, not of a withdrawal of government as such' (Barry et al, 1996:9).

So that,

'although we have degovernmentalisation of the state..... we do not have degovernmentalisation per se' (Barry et al, 1996:11.).

However, for governments this can have a positive outcome. With devolved responsibility, any cut in services can be blamed on the devolved budget holder thus deflecting criticism away from central government. Devolved responsibility and decentralisation also allow governments to pass on difficult decisions about rationing or redundancy to decentralised units (Hoggett, 1996; Rose, 1996) and as Walsh (1995) notes the separation of politics and management can

‘make it easier for policy-makers to avoid responsibility by blaming failure on those who implement policy.’ (Walsh, 1995:215).

So, although particular public sector organisations may appear to run themselves, the reality may be that the power of central government is actually enhanced but without the consequences of embarrassing decisions or outcomes (Rose 1996). For example, many observers of recent changes in the public sector have suggested that public sector ‘reforms’ have simply been a way of cutting public services but this has been done in such a way that the public, who rely on these services, will not blame the politicians (Sayer 1996). However, as in all devolved systems, accountability is still to the centre. The result of this is that control is still retained by government but it is arm’s length control - hidden but effective.

So, attempts to understand changes in these processes must steer clear of ‘either/or’ arguments between direct control and autonomy and thinking should be more in terms of paradox and contradictions. The trend towards disintegration of the public sector coupled with an avoidance of scrutiny by an organization’s own employees or the public plus a rise in non-elected bodies does not mean that power is not exercised by the centre - it is, but it is taking a new form. Hoggett (1996) warns that there is a danger in assuming there is a demise in centralised power because it draws attention away from new forms of power, which may be remote and less visible. Taylor-Gooby and Lawson (1993) concur with this and warn that it would be a mistake to interpret devolved

responsibility and the rise in non-elected bodies as signifying an end to centralised power. In fact the reverse is true:

‘The paradox of the current implementation of the new managerialism is that decentralization means greater central power, and diversity of provision diminishes choice for some consumers’ (Taylor-Gooby and Lawson, 1993: 4-5).

Integral to the public service reforms was the persistent destruction of local government and part of the decentralisation process was the increase in the use of non-elected bodies to oversee the public services - the development of the quango-state (Hoggett, 1996; Rose, 1996; Walsh, 1995) and as Walsh (1995) notes these

‘appointed bodies become self-perpetuating and have little apparent accountability, as in the case of further education colleges.’ (Walsh, 1995:218).

These views offer support for Hindess’s view of Foucault’s work that government is performed by both state and non-state agencies and as Rose (1996) points out, it is not that the power of the state that causes these technologies to be put in place but rather the power of the state is *resultant* on these technologies. (Barry et al, 1996; Rose, 1996). Hoggett (1996) also concludes that any consideration of freedom must be ‘freedom within boundaries’ and viewed as freedoms within a field rather than an organisation. However, within the public sector such fields are pre-structured.

And for Hoggett (1996), the political element is clear when he writes that the

‘new organisational technologies became harnessed to a political project which was designed to destroy virtually all alternative power bases within society which might challenge Conservative hegemony’ (Hoggett, 1996:18).

However, these ideas do not belong to one party political domain. One thing that unites disparate aspects of current political thought is the move 'beyond the State' to a politics which emphasises the agency of the individual. Notions of freedom (related to notions of the market) have therefore become a resource for government in a general sense (Barry et al, 1996).

The blurring of boundaries between private and public through internal markets, profit centres, and so on and the pronounced shift towards creation of operationally decentralised units whilst increasing centralisation in terms of strategy and policy, can be demonstrated more clearly if we look at the principles and implementation of the public sector reforms in the 1980s and 1990s.

Background to, and principles of, public sector reforms

The rationality of freedom and the technologies deriving from this principle can be explored in terms of recent public sector reforms and one aspect of this has been the debate on whether the meeting of welfare needs is best achieved through a welfare state - where the state is responsible for the delivery of such services - or whether this should be left to the 'market' as a way of allocating resources and delivering services.

This issue is related, in turn, to the role of the modern, democratic state with some arguing that although it may be an *arbiter* of the public service, the state need not *deliver* such services directly. It has been argued that the role of the state as provider and as stabiliser of the economy causes tension for all governments (O'Connor, 1973; Offe, 1984), and has increased for all administrations especially in face of increased demands and expectations from electorates and coupled with the need to make public services more efficient (Kirkpatrick and Lucio, 1996).

Since the inception of the welfare state, the cost of welfare has risen and is predicted to keep on rising. Whether this is affordable is, of course, a political choice but governments faced with an increasing demand for services and the need to decrease the Public Sector Borrowing Requirement need to find some way of balancing these disparate needs.

One solution to this problem has been the application of neo-liberal policies, which have been a significant feature of the last 20 years or so of governance in the UK and have touched every service in the public sector. Many of the changes in public sector governance have been influenced by the ideas of public choice and the ideas of the New Right. In turn, these ideas rest on the notion that by lessening provision funded through taxation the individual will be able to use that money to choose from privately provided services - thus ensuring a democratic and administratively efficient service.

As we have seen, however, decentralisation is necessary to achieve these aims and this results in a problem for government - how to maintain overall control? One answer to this is to introduce other mechanisms of control, e.g. increased managerialism, and it is this that has led some commentators to note that decentralisation processes have gone hand in hand with increasing authoritarian political mechanisms and the introduction of technologies which allow power to be exercised from a distance (Kirkpatrick and Lucio, 1996).

In examining the background to, and principles of, recent public sector reforms, it is necessary to address four main questions: the extent to which these reforms were 'new'; the relation of public service reforms and the Thatcher era; the coherence of the reforms; and the uniqueness of reforms in the UK.

Although public service reforms have been seen as a feature of the New Right in the 1980s and 1990s this is somewhat misleading. Walsh (1995), for example, points out that the management of public services is not new. Government services had been

affected by Taylorism in the early part of the 20th century and increasing performance and productivity were seen as important in the 1960s although it was not until the 1980s that these concerns were extended to areas such as the civil service.

However, according to Gray and Jenkins (1993), many of the early reforms did not meet the requirements essential for the survival of public sector organisations, and the failure of the welfare services to be efficient and productive was compounded by macro-economic concerns and the size of the public sector. This led to criticisms from two directions: the public choice theorists were critical of government bureaucracy and the management theorists who argued that there were better ways of organising the public sector. The adoption of the practices of the private sector and the development of new public service management can be seen as a way of addressing the issues raised by both these critics.

These ideas have, in recent years, been pursued through particular political rationalities in the UK and Europe - in this case the pursuit of 'freedom' which has been expressed through neo-liberal policies which advocates the free operation of market principles and minimum state intervention. The use of 'freedom' as a resource was illustrated most clearly by Thatcherite policies but it would be a mistake to see these policies as solely the province of the New Right. Although espoused enthusiastically by the Right in the 1980s the agendas of 'rolling back the state', decentralisation and markets have also been endorsed in varying degrees by other political parties (Taylor-Gooby and Lawson, 1993). Although taken up as an ideological stance by the Conservative governments others have not desisted from the main elements of reform and many of the principles underlying these reforms have been carried over into the working of the current Labour administration.

Moreover, although the reform of the public sector was seen as radical in Britain when it was introduced in the mid 1980s, this was by no means exclusive to Britain. The

acceptance of neo-liberal economics spread to other economies and the 1990s witnessed the reform of welfare state provision in many other countries. Thus, they have been a feature of governance in other European countries and in places such as Australia and New Zealand. This widespread adoption of neo-liberal reforms by different countries, and within a range of political contexts, has led some to conclude that this must be seen as more than just a management 'fad' (Gray and Jenkins, 1993; Naschold, 1996).

However, despite these reforms being adopted globally, there is still some doubt whether it can be characterised as a coherent movement (Taylor-Gooby and Lawson, 1993). As we shall see later in the discussion, the term 'new public management' has many strands to it and may mean different things to different people. Nor did it happen in one fell swoop and reforms were more incremental and accidental than presentation would imply. Therefore, by applying a catch-all term we may be inferring more coherence than there actually was. Gray and Jenkins (1993), for instance, question whether such a movement had clear-cut values and culture and, in his review of reforms within the pan-European context, Naschold (1996) has suggested that the reforms lacked homogeneity with no single model of reform but rather several which varied in the extent and scope of their provision and impact. A related point is made by Clark et al (1994) who suggest that although the reforms of the 1980s and 1990s have been heralded as the end of traditional welfare systems this initial pessimistic view of writers such as Kreiger, Johnson and Mishra may have been faulty and that much of traditional welfare provision still remains.

At the same time, although the aims of the public service reforms may have been variously short-term, practical and political, they took place in a context of wider political, social and economic factors which, in turn, led to concerns regarding economic management and governance. There were a number of political and economic agendas that surrounded and underpinned the public sector reforms of the 80s and 90s. Even if each in its own way contributed to the movement in new public sector management, the

extent to which each was a determining feature rather than co-incidental factor is a matter of some dispute although there can be no doubt about the interplay between issues and agendas of that time.

At a general level, the UK was in a stage of continuing economic decline that had been experienced by successive governments (Taylor-Gooby and Lawson, 1993). Successive governments in the latter half of the 20th century had grappled with this problem and well before the reforms of the 1980s this had been recognised by different political parties and administrations (Gray and Jenkins, 1993). This led to a perception that the failure of the economic policies of the time were related to the failure of the rational, central planning of earlier times, i.e. the nationalised industries and welfare services (King, 1987; Gray and Jenkins, 1993). Moreover, business was now demanding change in terms of lightening the tax load, de-regulation and an end to practices they considered restrictive. The business community also objected to the power of the state and unionised labour, which considered impediments to free market practices (Newman and Clarke, 1994).

However the criticisms of the welfare state did not come only from business. At a social level there was increasing inequality with a widening gap between rich and poor. There were also changes in the patterns of household structure, which accentuated the need for more targeted, and flexible welfare provision. Other factors such as the break up of consensus politics, rising public expectations and disillusionment with politicians led to dissipation in the support for mass welfare provision and highlighted the need for changes to the existing organisation of welfare (Taylor-Gooby and Lawson, 1993, Gray and Jenkins, 1993).

There was also criticism, from both left and right of the political spectrum, of the poor performance of the state services partly because the hierarchy in bureaucratic organisation was not seen as being responsive to the needs of its users and partly because

the power of particular groups, e.g. bureaucrats and professionals, was seen as fostering self interest (Gray and Jenkins, 1993; Walsh, 1995).

However, as Walsh (1995) points out, although people may be critical of bureaucracy it does not necessarily follow that people are discontent with welfare systems per se. Also, to suggest that only bureaucracy creates interests groups would be misleading as the same criticism can be made of market systems. Moreover, counter arguments have been made to suggest ways in which the welfare state has enhanced individual liberty. Heald (1983) for example, suggests that reducing poverty increases possibilities and life chances and welfare systems reduce self-interest in the pursuit of wider moral objectives.

The view that economic factors determined the changes has also been questioned. Walsh (1995) is critical of the view that economic pressures and crises were the preconditions for reform and rejects the notion of economic and social determinism steering the reforms. He suggests there is no correlation between economic crisis and public sector modernisation but rather that political mobilisation was the driving force behind the modernisation and reform of the public sector.

Naschold (1996) also suggests that to understand the way the reform process has worked we need to examine the specific 'development dynamic'. Naschold (1996), like Walsh (1995), suggests that this is largely politically determined. So, any reform of the public sector could lead to greater productivity and efficiency, greater decentralisation and participation but there is a range of possibilities of how this might happen and this is a matter of political choice and motivation and, as we shall see, the reforms in the UK took a particular political direction.

One aspect of this is the political agenda of the New Right, which centres around concerns about the state. For the New Right, one of the main tensions found in European welfare systems is their belief that individual freedom is diminished through

social citizenship and this highlights their ideological stance on 'freedom' and 'liberty'. This is because the welfare state reduces freedom because the element of choice is removed in traditional welfare systems (King, 1987). Goodin (1982) has identified six main reasons for the political and ideological opposition of the New Right to traditional welfare systems and why they found them problematic. In traditional welfare systems there is a need for high tax and the standardisation of service leads to restricted choice for users. Paternalism and bureaucracy are key features of welfare systems and, as well as fostering dependency in their users, they encourage the formation of interests groups such as professionals and bureaucrats (Goodin, 1982).

So, whether co-incidental or not, the reforms played into messages about the state being responsible for economic decline and welfare services were contrasted unfavourably with good business practice in the private sector. Moreover, the rise of the new managerialist philosophy tied in with the Conservatives opposition to bureaucracy and allowed them to identify a 'common villain'. This led the Conservative government to draw up policy objectives that would address some of these concerns. These included: shifting/reducing the tax burden; control of welfare spending; changing the dependency culture of welfare; and breaking up traditional regimes of power (Newman and Clarke, 1994). In other words, Thatcherite policy sought to undermine the welfare state and return government to pre-Keynesian practices and, as Taylor-Gooby and Lawson (1993) suggest, these objectives were embedded in an ideological commitment to privatization; market systems; and monetarist economic theory.

In Naschold's (1996) analysis of pan-European public sector reforms, he identifies three key elements that appear to form a common core. These include: a change of role for central government from provider of services to that of facilitator; the shift from producer to enabler; and the decoupling of finance and operations reconstituting these in different forms. However, these were instituted in different ways in each European country. In

the UK the decision was to follow the logic of the private sector and there were three elements that characterised the implementation of the reforms. These were: privatisation and reduction in size of public sector; market oriented organisational alternatives; and the introduction of neo-Taylorist managerialism.

Some writers, however, have drawn a clear distinction between Taylorism and markets in public service reforms and *within* markets some see further divisions between aspects such as competitive tendering and those that involve outright privatisation (Walsh, 1987). A further distinction that is made is between Taylorist techniques for production and post-Fordist organisational features. Taylorism is about production techniques and, according to Walsh (1995), 'not a rejection of bureaucracy but its fulfillment' (Walsh, 1995:xv). On the other hand, post-Fordism is about the fragmentation of the organization, which leaves strategic tasks with top management, and other operational matters such as resource allocation and methods of work with individual units within the organisation (Harrison et al, 1992). This may be one reason why managerialism has been inextricably linked with market reforms alongside aspects such as competition, market testing, competitive tendering, internal trading, quangos, and so on (Newman and Clarke, 1993).

So, when we look at the recent reforms we can see an emphasis on contracts and markets; continual improvements in quality; devolution and delegation; and the measuring of performance through increased audit and inspection. We can also see management and governance as being characterised by indirect rather than direct control which, Walsh (1987) suggests, is done by the centre implementing a form of management that uses incentives and value commitment to keep subordinates in line.

The reforms of the 80s and 90s also saw direct privatisation of some services and the privatisation agenda of the New Right is probably best illustrated in relation to the public

utilities. However, although this agenda was 'successfully' implemented in the cases of British Telecom, British Gas, Electricity, and British Rail, even here these services were not left totally to the workings of the free market. Foster (1992), for example, notes that not all privatised companies can be 'let loose' on the free market so that even when privatised the old public utilities simply became private monopolies: the difference being that control by ministers was replaced with control by regulators.

The application of privatisation policies to welfare services such as health, social security, social work, housing and education has been less swingeing. Walsh (1995) notes that governments were unwilling to engage fully in privatisation and so, where outright privatisation of public utilities was practicably or politically impossible, the reform of these services became important and this was accomplished by transforming the way they were managed through the introduction of managerial techniques and the development of market mechanism in the public services. According to Pollert (1988), this is because the public services have difficulty in demonstrating performance and the notion of the flexible firm has been adopted as a way of becoming more commercial.

So, we can see the implementation of market-oriented policies and practices is based on a core/periphery model with strategic planning at the core and delivery and implementation at the periphery. The user in the 'new management' is the spur to improving quality and efficiency. This leaves strategic planning to the politician at the core and devolves operational matters to the periphery. The effect of this is to reduce collective choice (at the political level) and allows ministers to argue that democracy is about providing efficient service through the marketplace. The logic of this view is that the market place is more effective than the voting booth.

Management and public sector reform

One characterising feature of public sector reform was the role of management. The 1970s and 1980s saw the reconstruction of power relations within industry and commerce and one central feature of this was the right to manage. Reconstruction was part of new technologies of management, which included changes to patterns of work, new systems of control, deunionisation of labour, casualisation of labour, feminisation of work, greening, mobilisation of capital and enterprise, and organisations becoming 'lean and mean'. Some of the manifestations of this were shaking out excess labour and improving productivity in many industries.

For the Conservatives, management came to be seen as the main ingredient in transforming the public sector (Newman and Clarke, 1994). Pollitt (1990) quotes from a speech by Michael Heseltine, delivered in 1980, in which he states that:

'Efficient management is a key to the [national] revivalAnd the management ethos must run through our national life - private and public companies, civil service, nationalized industries, local government, the National Health Service' (Pollitt, 1990:3).

Advocates of the new public management argue that it is better geared to serve a market driven system and replaces a model based on professionalism that was either committed to nothing in particular or its own narrow interests. Supporters also see it as a way of increasing accountability and efficiency through the management of resources, better information and fragmented organisation, which gives greater freedom and responsiveness. It has also been argued that it has advantages for workers because it gives them a more coherent identity with the organisation or 'product' and this will increase motivation. (Gray and Jenkins, 1993).

Whereas many aspects of the old welfare state were seen as bureaucratic the reforms brought in 'new' forms of management that offered more in terms of its options. These options included: decentralised organisation; managerialist steering; operations distinct from executive and oriented towards results; competitive environments; and increase in quality systems based on consumer feedback. In terms of the spectrum of implementation strategies found in Europe, the UK lay at one extreme. The reform of the welfare state in the UK was characterised by privatisation, market mechanisms and internal modernisation that reduced or privatised the public sector and developed new organisations along market oriented lines and which were to be managed on neo-Taylorist principles (Naschold, 1996)

So although clothed in the euphemisms of accountability, efficiency, results and competition, at the base of these reforms was a desire to change the traditional orthodoxy of the public services. The new public management was 'sold' as a neutral technique for delivery and improvement of services but at its root was an ideological drive to dismantle the power of the welfare state (Gray and Jenkins, 1993).

We have seen in the preceding discussion that the New Right had two major criticisms of the traditional welfare state. At one level they were critical of the state itself and at another level they were critical of the actual apparatus of government (King, 1987; Walsh, 1995). However, Naschold (1996) points out that since the 1980s the modernisation of the public sector is itself open to criticisms. In particular, he suggests that the reforms have not succeeded in increasing efficiency and that the strategies employed have led not only to the dismantling of the welfare state but in some instances have threatened democracy itself.

For Naschold (1996), these dangers have arisen because we have seen a departure from administrative steers which results in state regulation being more flexible and precarious - hence it may be regressive, anti-democratic and anti-welfarist. Public sector work is still

more Tayloristically oriented than private sector and this is coupled with the ideological drive towards privatisation. The modernisation of management has not been accompanied by modernisation of the labour process and nowhere is managerialism itself called into question. In the long run, unless both are involved in a value added process, reform will be ineffective and, according to Naschold (1996), the modernisation campaigns of the 1980s were simplistic involving deregulation and market-based strategy. To be successful there would need to be innovative re-regulation of political responsibility, internal administrative modernisation, market orientation and *social* devolution.

Moreover, although the 'hands off' approach appears to result in a decoupling of the state and the agencies providing welfare services, the extent of this is misleading. The implementation of new policies and strategies resulted in a dismantling of the welfare state but this was not as complete as was suggested by politicians. New mechanisms of control such as audit, funding and performance indicators have come to the fore; decision making structures remain centralised; and the introduction of neo-Taylorist managerialism would suggest old forms of organisation still exist to some extent.

Managerialism

Managerialism was one of the strategies developed alongside privatisation and competitive tendering in the new public management and has been an integral part of the reform process - especially when outright privatisation was not possible but reform was essential (Walsh, 1995).

As we have seen, criticism of traditional management in the public services had come from both politicians and management theorists, although both had different agendas - the politicians to reform and the theorists who thought they could do things better and that lessons could be learned from the private sector (Clarke et al, 1994; Gray and Jenkins,

1993). The new managerialism, however, came in different phases and guises. According to Pollitt (1990), managerialism had two phases with the first establishing the professional role of managers and managers right to manage and which was later consolidated with the emphasis on replacement of direct control with indirect control.

Pollitt (1990) also suggests that there are two types of managerialism - Taylorist/neo-Taylorist where concerns centre on efficiency and new managerialism, which tends to be 'people-centred' and follows some of the principles of the 'excellence school'. The two types have similarities in that each wants value for money and more for less, but each differs on how to achieve this. Pollitt (1990) suggests that both types and their hybrids can be found in the present process of managerialism but sees neo-Taylorism as being the most important. However others have disagreed with this view and see the Human Resource approach in managerialism as being more significant in changing the culture of the public services although both models often co-exist (Clarke et al, 1994).

New managerialism developed in the USA and there its main features included the engendering a climate of trust and the development of a corporate culture. Traditional bureaucracy had long been criticised for stifling individual and corporate initiative and it was felt that the new managerialism would bridge the motivation gap with vision, purpose and performance. This was to be achieved by reducing control and replacing compliance with commitment to the organisation - the 'excellence culture' (Clarke et al, 1994).

The 'excellence culture' is discussed by Peters and Waterman(1982) in *In Search of Excellence*. They suggest the characteristics underpinning market model organisations are very different from old models dominated by the bureaucratic structure. Studying some of the top companies in the USA, they found these companies tended to be characterised by notions of organisational cultures, family feeling, managers as value shapers, positive reinforcement and emphasis on success rather than failure. Although

they do acknowledge that not all benefit from this, for example, those who do not 'buy in' to the organisational culture, Peters and Waterman (1982) suggest the success of these companies predicates on the notion of a strong culture and core values.

However, in *Engineering Culture*, Kunda (1992) takes a less optimistic view of this change in organisations. He suggests that modern organisations need a sophisticated form of control. This is done by establishing a 'normative culture' which is characterised by the way attempts to control and guide not only the action of its members but also their emotions, thoughts and experiences.

The strong culture is one way of achieving this but rather than leading to excellence it can have detrimental effects on the workforce. Thus over identification with the culture of the organisation can lead to conformity and a stifling of initiative and creativity. Although power is devolved and de-emphasised it remains 'pervasive' and 'subtle'. In this way, the internal market rather than operating on 'free hand' principles, is dominated by managerial attempts to control and prescribe the reality of work within the organisation and 'excellence culture' may have something in common with old systems (Kunda, 1992).

However, Clarke (1994) has suggested that although managerialism and excellence might provide an organisational discourse to legitimise transformations it is not the only form of management and, in some cases, may be limited to specific contexts or workers. Responses to the rhetoric of managerialism may also vary from cynicism to enthusiastic adoption and so

'There are problems in assuming that those subjected to such a discourse take it seriously even where it has become the public language of an organization' (Clarke et al, 1994: 20).

Clarke et al (1994) suggest that in the UK the process of managerialisation had four main features. These were: expanded recruitment of managers from private to public services and management consultancies; growing representation of business expertise on boards of management; involvement of semi-public agencies such as Audit Commission; and transformation of bureau-professionals into managers. In terms of its role in the reform process, new managerialism had two significant strands. One was a leadership role and motivating the workforce and the second was the devolution of operational responsibility. It was also a 'connecting thread' that linked markets, partnerships, customers and the workforce. In short, it was

'the means through which the structure and culture of public services are being recast' (Clarke et al, 1994: 4).

However, it is not being recast in a neutral way. The right to manage and management as the cure for the ills of the public sector were identified by the Conservatives as being crucial to public sector reform (Pollitt 1990). But, management is not apolitical and it is more than just a technical specification: it is social group that uses its ideology to wield social and organisational power (Clarke et al, 1994; Newman and Clarke, 1994).

Public sector reforms in Britain have also been a classic case of managerial results steering. The recent public sector reforms rely heavily on managerial control over target setting and results monitoring. The new and increased managerialism in the public sector has not been questioned and the public sector is now more Tayloristically oriented than the private sector. However, although strategic management is highly developed the labour processes, personnel and organisation have, by and large, been neglected. For example, according to Sayer (1996) 'tight/loose' forms of control are replacing the bureaucratic mechanism. This involves a tight rein being kept by central authorities over strategy, financial input, specifying outputs but freeing up internal processes such as

strategy and budget management. So while a budget may be centrally set the responsibility for spending it is devolved.

According to Gray and Jenkins (1993) it is the centre that draws up the incentives and commitments, which include continual improvements in quality; emphasis upon devolution and delegation; appropriate information systems; emphasis upon contracts and markets; measuring performance; and increased emphasis on audit and inspection. Even if there is some debate on the coherence of the new managerialism, there is an emphasis on accountability, efficiency, results and competition. This is seen as a better way to serve a system which was market driven and to replace a model based on professionalism which was either committed to nothing in particular or its own narrow interests. The way it achieves this is through the management of resources, better information and fragmented organisation which gives greater freedom and responsiveness.

The user is also important in the 'new management' as the user was seen as the spur to improving quality and efficiency. As Walsh (1995) has argued, the politicians retreated into a strategic role, devolving what had been a collective choice to a local or individual level. In this way the role of the customer has become another tool in the management bag. The importance of the customer has been highlighted in Du Gay's (1992) work, which centres on the discourse of enterprise with the key element being the notion of the 'sovereign customer'. The 'customer' (internal or external) has become important in defining work practices and the reorganisation of business, i.e. replacement of bureaucratic principles with market relations, has to some extent received unquestioned acceptance. As a method of responding to recession and changing markets, organisations have tended to focus on quality issues through the notion of the value added by each employee. Central to this is the notion of the customer and there has been an attempt to create the customer relationship within the organisation (as opposed to the historical position of the customer being outwith the organisation). This has been introduced through devices such as Total Quality Management (TQM) and Just In Time

management (JIT) which seek to increase quality through exposure to customer pressure. The result of this has been to overturn hierarchical control and replace it with simulated market control e.g. the NHS internal market (Du Gay, 1992).

However, these new methods are just as oppressive as old ones but in such a way that the consumer now assumes the function of management. Du Gay (1992) also believes it is not the study of managerial control which is crucial but the study of the language that is used that reveals much about the debate on work and its reorganisation. He suggests that the language of the market has acquired validation in both moral and social terms and this in turn has succeeded in turning civic culture (involving the citizen) into consumer culture (involving the customer).

These issues of control are taken up by other commentators. Michael Reed (1989), in reviewing the main analytical frameworks for studying management, thinks traditional perspectives fail to explain it adequately because theories are over-simplified and rationally-located. He suggests that what is needed is an approach which is responsive to the diversity and ambiguity found in the nature of work today. In particular, managerial work must be seen in light of control strategies and wider macro-structural constraints.

Control strategies in relation to work have long been the concern of sociologists. For example, in Bell's (1988) analysis of Marx's view of alienation, he criticises Marx for glossing over the *conditions* of work and emphasising the loss of the control over the work process through the property system and commodification of labour. Blauner (1964) in his work on alienation also suggests that it is the interplay of subjective and objective conditions that define the type of experience the individual will have within any social arrangement. These objective conditions are found in work practices and are therefore not a consequence of capitalism per se but of the practices themselves (Blauner 1964). In *The Market Experience*, Lane (1991) also highlights the importance of the experience of work. Markets involve labour markets as well as consumer markets and it

is the former that has the most impact on satisfaction or alienation and he argues that self-direction seems to increase self-esteem whereas directed work has the opposite effect.

Other writers such as Walsh (1995) and Hoggett (1996) concur with these views. Walsh (1995) claims that the aim of managerialism is to gain more effective control of work practices and Hoggett (1996) comments that under the new managerialism what is emerging are simple and coercive forms of control that are *distortions* of traditional bureaucratic forms rather than new structures. He argues, for example, that the characteristics of representative, consent-based bureaucracies are being replaced by blame and punishment, compliance based bureaucracies, which has been made possible by the new technologies of government.

New forms of managerialism in the 1980s and 1990s were also attempts to gain greater political control over bureaucracy. Mistrust of bureaucrats came from politicians of all persuasions although the Left tended to emphasise political control and service to the user, whereas the right tended to place an emphasis on privatisation and contracting.

However, one consequence of this mistrust was that it led to the development of new methods by which to monitor the work of bureaucrats. This involved the decentralisation of financial control, the separation of politics and management with stated targets being set by the centre and the implementation of arm's length policies (Walsh 1995). Moreover, although these changes have been explained through the 'prism of Thatcherism', it is necessary to recognise the

'ongoing reconceptualisation and restructuring of the state itself'
(Clarke et al, 1994:1).

So, what is taking place is:



‘a deeper ideological process of managerialization which is transforming relationships of power, culture, control and accountability. In this sense managerialization is a dynamic, transformative process which cuts across the domain of social policy, ‘unlocking’ the old welfare settlement and making the quest for a definitive political reading of the new arrangements a problematic endeavour’ (Clarke et al, 1994: 3).

According to Walsh (1995), the distance between politics and management is steadily increasing and there are two ways in which the political and managerial can be separated. One is the devolution of financial control, which was a form found in the 1980s, and establishing autonomous units within organisations, which became more common in the 1990s. As we have seen, the levels of accountability are also separated with strategic accountability lying with the politicians whilst operational accountability rests with the managers. One consequence of politicians having a strategic and monitoring role and the undermining of professional power and authority within services, is that there has been a growth in inspection procedures with auditors and inspectors becoming the receptacles of trust.

However, according to Walsh (1995), this separation means that political responsibilities can be ignored and this can

‘make it easier for policy-makers to avoid responsibility by blaming failure on those who implement policy.’ (Walsh, 1995: 215).

So, although the question of how much management is needed in the public services is a matter of political debate, politics itself is being replaced by management and management by audit. Power seems to be shifting from professionals to managers and managerial discourse is one factor in the reconstitution of professional work. However, in some cases professionals within organisation may take on managerial roles either in conjunction, or instead, of their professional role but often professional expertise and

autonomy are being subsumed into managerialism (Newman and Clarke, 1994; Dent, 1993; Maile, 1995).

And the new managerialism has not been limited to the reform of the public sector. Managerialism was initially a feature in the private sector which was later paralleled by its creeping importance in the public sector. It could also be argued that management has also penetrated government itself where traditional politics has been replaced by management of the economy, the management of news, management of Parliament, etc. This reflects a wider trend that applies to government itself. Government and its agencies have adopted managerialist techniques to govern to such an extent that they have become to believe their own rhetoric. In this way the political has been transformed into the managerial.

However, some have questioned whether managerialism has really been accepted and internalised as some theories and studies seem to suggest. Clarke et al (1994) suggest that the introduction of managerialism is not a simple displacement of one internal regime by another and therefore the question is really to what *extent* new managerialism has permeated organisations and their culture. Managerialism presents itself neutral and value free but it is political in the sense of representing particular values and structures and procedures may be implemented at the expense of others. Professionals may manage to deflect the adverse effects of restructuring on other social groups within the organisation and Taylor-Gooby and Lawson (1993) note that those implementing organisational changes determine who gets what, who pays, and who gets nothing.

Clarke et al (1995) suggest that the managerial discourse has no social location and management has no superordinate goals or values of its own because the objectives are defined by others. The 'bureau-professional' is deeply bound with the organisation and the structure of the welfare state and, in some quarters, there has been intensive resistance. Therefore, perhaps it would be better to look at the public services as a

contested domain: as a process and strategy, new public management is open to contestation, resistance and change - although the transformation is not just legislative nor can it be viewed as simply an ideological trick. Although there has been a rise in managerialism since the introduction of the 'enterprise culture' it cannot be assumed that all managers interpret the changes and process in the same way and perceptions and interpretations may be varied.

Furthermore, the increase in managerialism has generated new sites of conflict and new contradictions. Social policy is by nature deeply political and new public management has made many decisions transparent. Reorganisation also requires management to provide alternative modes of power to those dismantled e.g. trade unions, professionals, bureaucrats, and politicians (Clarke et al, 1994). And even when traditional power bases have been diluted, this does not mean that there is full-scale acceptance of the new managerialism and staff do still find ways of retaining control and expressing resistance (Knights and McCabe, 2000). For these reasons it may be more useful to see managerialism as a process which is concerned with organisational power and as a strategy for the recomposition of previous modes of power within the welfare state.

This view is supported by early work on incorporation in English Colleges. In the Coombe Lodge Reports (1994) on the introduction of the new management culture to colleges, Gorringer et al (1994) highlighted a number of instances where there was a divide between academic/lecturing staff and those advocating a 'new' business ethos and practices. It is clear from the reports that many colleges experienced difficulties and resistance. This was reflected in the way senior staff couched their responses to such resistance, which suggest that far from seeking co-operation in implementing changes, many were simply pushed through. For example, one Director said that his college had

'eased out staff who held inappropriate cultural values'
(Gorringer et al, 1994: 194).

and another that

‘it became necessary to destroy certain rigid organisation structures which were restraining cultural change’ (Gorringe et al, 1994: 257)

- although the success of this was questionable given that the author states that despite managers’ efforts

‘there remained significant resistance to the proposed changes’
(Gorringe et al, 1994: 257)

The ‘contested’ nature of managerialism, can also be seen in the complexity of running public services and their organisations. The model of a public sector organisation envisaged by those wanting to reform the public services was built on a private sector outlook where the aim is to increase profitability. The reality for managers in the public sector is more complex. Public sector organisations have multiple goals; managers have to deal with a range of stakeholders; and there are issues related to the way customer power is exercised. It is these complexities that form the challenges for those managing the public services rather than the simply pursuing profitability regardless of other social and human factors (Clarke et al, 1994).

A final contested area is that of quality and the use of management tools such as performance indicators. In terms of quality assurance, attitudes are split. Some feel it is appropriate in manufacturing whilst others see it as essential in the public services and in the public sector the focus tends to be on the *procedures* of the organisation rather than on the service it provides. As has been discussed above, producer dominance is seen to be curbed by separating political control and operational control but it is the politicians who set the goals and monitor performance. In the extreme, this will lead to an enabling state, i.e. the state itself sets the standards but these are then checked by various agencies and delivered by private or autonomous public organisations (Walsh, 1995).

However, these aims might have different outcomes from those intended. Flynn (1992) notes, for instance, that one consequence of this was that in the National Health Service, the number of performance indicators increased from seventy in the early 1980s to four hundred and fifty by 1988. Walsh (1995) also notes that the emphasis on quality has taken the form of bureaucratic procedures and that there is conflict and disagreement on values because in the public services the interpretation of effectiveness and improving quality has many different interpretations. For these reasons quality will be a contested site for politicians, professionals and users as the definitions are open to different interpretations.

Quasi-markets

The introduction of market principles to the governance and organisation of public services does not, in itself, suggest that this sector can now be seen as operating under the 'free market'. Although successive government policies have been the facilitator for 'freedom' in the hitherto public sector (which traditionally has seen itself lying outside such considerations) the transformation has not been meant wholesale change to the market but rather to forms which mimic the market. This would suggest that the move to the market was less coherent and complete than has been its presentation after the fact.

It is also clear that this transformation has left public services straddling the divide between public and private as well as blurring the distinctions that have traditionally defined these two sectors. Thus, the 'reformed' public services now have characteristics that have been associated traditionally with the private sector whilst also retaining aspects of public sector organisation.

In his paper 'Contractualisation, Work and the Anxious Classes', Andrew Sayer (1996) maintains that in Britain there has been:

‘less a shift from state to market regulation than one from permissive state funded professional self-regulation to strongly state controlled quasi-market regulation’ (Sayer, 1996: 38).

Sayer (1996) suggests that reforms in the public sector resulted from three circumstances. The first was the need to increase productivity, the second was the focus on international competitiveness, and the third was the application of neo-liberal policies within the public sector. The changes brought about by reform resulted in the intrusion of the logic of the market place to the public services with an increased importance being attached to exchange value. Sayer (1996) also argues that these ideas and circumstances produce a tension between use value and exchange value where professionals and experts are attempting to balance quality of service and the increasing pressure to economise. Competing ideas on how to maintain quality at a low cost had led to:

‘new forms of economic rationality on institutions and individuals but treating markets - or rather an idealised form of them - as the best form of social regulation.’ (Sayer, 1996: 23)

Services have to be treated as other market based products and are thus regulated through the economic rationality of ‘the market’ or rather in the form it takes in the public services - the quasi-market (Sayer, 1996). As direct state management by state institutions has been replaced with new quasi-markets/entrepreneurial models and new related ‘technologies, individuals and institutions have been forced to adopt ‘economic’ thinking and behaviour (Burchell, 1996). For these reasons the characterisation of public sector transformation can be better understood as quasi-market

Even where quasi-markets have not been established, there has been the introduction of competition based on auditing. Competition is supposed to ensure maximum quality at minimum cost thereby achieving (in the long term) a ‘natural’ balance between supply and demand. In this way institutions are compared on various indicators and results made known to funding agencies and users, thereby forcing institutions to compete (Sayer, 1996).

And the introduction of 'the market' has not just been at the level of language.

Fairclough (1992), using Habermas's notion of the 'lifeworld' - the use of language as a strategic tool rather than a means to promote understanding - argues that the introduction of the concept of the market to education has been used to direct change

'In contemporary Britain the metaphor is more than just a rhetorical flourish: it is a discursive dimension of an attempt to restructure the practices of education on a market model' (Fairclough, 1992:208).

There are many examples of this in recent public sector reform where 'the market' has been introduced to areas where previously such a concept was unknown. Even services that do not produce commodities as such are subject to 'as if' market conditions leading to organisation and conceptualisation in terms of commodity production, distribution and consumption. This ties in with Burchell's argument that there has been a generalisation of 'enterprise form' to all forms of conduct - non-economic institutions, government itself, and individuals (Burchell, 1996).

There are, however, many challenges to both the theoretical and practical aspects of neo-liberalism and quasi-markets and the specific rationalities and techniques that derive from their implementation and operation. For example, the market model in its 'ideal form' is theoretical rather than practical. The quasi-market therefore, far from being natural, is imposed. Also because it does not have all the conditions of a 'true' market, specific technologies of government, such as audits, have to be introduced to compensate for the absence of markets and user knowledge. This results in a focus on activities that can be measured even though this may mean the use of simple indicators to measure complex processes. This, in turn, can produce 'front work' (for the auditors) rather than 'real work'. Such 'front work' can be damaging to productivity and can cause tension for workers because they are torn between instrumental and value considerations.

Some of these issues have been studied as sociologists become interested in the practical implementation of reforms and the introduction of market principles to public services. In a set of recent studies, Bartlett et al (1994) highlight a number of practical criticisms of the introduction of quasi-markets into the welfare state. The authors note a number of problems, anomalies and inequalities that have arisen out of recent reforms. For example, in GP fundholding, they found evidence of 'cream-skimming' with low risk (in terms of likelihood of becoming seriously ill and thus depleting budgets) patients being taken on in preference to high-risk patients. The emphasis on target waiting list times for hospital admissions has also led to non-urgent operations being carried out, rather than those that are more serious and life threatening. Likewise in the education sector, schools were also likely to cream-skin and there was no evidence of improvements in educational standards.

The introduction of quasi-markets and devolved government also illustrates why decision-making is not a good indicator of who governs. In quasi-market systems, 'devolved responsibility' is the byword and local accountability is the order of the day, but look at little deeper and funding, quality control and management strategies ensure that governance is still centralised - albeit at arm's length. As Rose (1996) has made clear this has distinct advantages for those seeking to govern. It allows public authorities to govern society at a distance without any recourse to any direct forms of repression or intervention. If 'suitable' strategies and techniques for governance of the public sector can be devised the 'problems' that have beset all governments can be solved - cloaked in the disguise of self-management and devolvement of power.

Another concern is highlighted by Kirkpatrick and Lucio (1996) who warn that one danger in this process might be that the opportunity for democratic involvement could be diminishing. This is because the 'new' management of the public sector is seen as depoliticised, value free and rational. Andrew Sayer (1996) has gone further than this and has suggested that these reforms not only changed the locus of power but also have

been a device to reduce the power of public services and the power of local authorities. In this way the quasi-market could be seen as a mechanism for regulating the decline in services rather than any attempt to improve quality.

Thus, it is no co-incidence that in the introduction of quasi-markets to the public services in the UK coincided with the emasculation of local council power. Within the welfare state many public services had been provided by local authorities who were democratically elected. With the introduction of quasi-markets this has changed. In many cases local democracy, in the form of an elected local council members, has been replaced by representation in a different form. This can be seen in the rise of non elected bodies such as quangos and this leaves open the question of the constituency of each quango and whose interests it represents.

The introduction of quasi-markets has also generated several other questions and problems. For example, who is the customer? Are the public services driven by user need e.g. the patient, the student, and so on, or by a different customer, e.g. the internal customer or the government? Has work become focused on meeting the criteria of the quasi-market to the detriment of meeting needs of users of public services? And what mechanisms are needed to control the market and deliver services?

Citizens and professionals in the quasi-market

One basic question in the debate on public services is whether we take an individual or collective approach to provision of such services. This, in turn, has two related strands. One is in terms of rights and the other is in terms of provision. Thus, what rights should the individual have in society and should these rights be met on an individual or collective basis or both?

If we take individual rights we are saying that each individual in society has the right to some particular aspect irrespective of social factors such as class, gender, income, status, and so on. However, even if individual rights are acknowledged as necessary or desirable and given, it does not automatically lead to the meeting of needs in a particular way. Nevertheless, societies or their representatives do have to find *some* way of meeting needs.

In *Class, Citizenship, and Social Development*, T H Marshall (1964) discusses the way citizenship can be divided into three parts, namely: civil, political and social. The acquisition of these rights reflect the movement from status to contract with the drive towards social equality being the last phase of an evolutionary development towards the notion of citizenship. Civil rights were the first type of right to be granted, needed as they were in an emerging market economy. As market and capitalist economies developed, political concerns were increasingly expressed through organisations such as trade unions. Trade unions were, in turn, seen as a threat to the capitalist economy and political rights thus became a necessity to stem the growth of a 'parallel' political citizenship.

However, Marshall (1964) notes that by the end of the 19th century, the development of civil rights had not made any significant inroads into alleviating the social inequality of the day and the 20th century was ushered in with only minimum social rights in place. The increasingly politicised workforce therefore looked towards social services that would guarantee a minimum service with the purchased service becoming the provided service. The implication here is that individual rights, particularly social rights, won collectively should also be met collectively.

For Marshall (1964), the development of modern civil rights has resulted in a conflict between a capitalist class system and 20th century citizenship. One example of this

would be the way trade unionism has converted rights into policy and the notion of a fair wage. He states:

‘Social rights, in their modern form imply an invasion of contract by status, the subordination of market price to social justice, the replacement of the free bargain by the declaration of rights. But these are principles quite foreign to the practice of the market today, or are they there already, entrenched within the contract system itself? I think it is clear they are.’ (Marshall, 1964:111)

According to Marshall (1964), the granting of these rights has enhanced our notions of citizenship and any case made for the existence of inequalities has become more difficult. However, it is also clear that egalitarian principles run counter to the thinking behind the free market and systems built on this concept.

The opposition to the imposition of egalitarian principles is expressed vociferously by writers such as Hayek (1960). He argues that the demand for equal outcomes is fuelled by the envy of the ‘have-nots’. Moreover, it is not the duty of government to ensure that everyone has the same prospect of reaching a given position but rather to make available on equal terms those facilities that depended on government action. In fact equality of conditions is likely to lead to inequality of results and it is this that defines justice and not equality for all. This is because equality of general rules only is possible and because individuals are very different this may produce inequality of outcome. In this way although citizens are entitled to civil rights before the law and political rights in terms of the right to vote, social rights are impediments to development and progress, and membership of a society or community does not entitle people to a particular standard of material well being (Hayek, 1960).

In exploring the relationship between welfare and professionals, Margaretta Bertilsson (1990) suggests that the modern professions play a crucial role in the administration of

the welfare state especially administering citizens' rights⁶ However, she poses the question whether this intrinsic relationship between professional power and citizens' rights is best served by the welfare state or the liberal state. Bertilsson (1990) claims there is no real answer, but rather points to different outcomes in each of these models. In the liberal state a professional practitioner can claim he/she represents the client only, rather than the abstract citizen body. In a welfare state the professional must look after both with the drawback being that what is good for all is not necessarily best for the individual. She points out that:

'The fusion of universal and particular interests, of state and individual representation, is likely to elicit role conflicts in the professional practitioner'.
(Bertilsson, 1990: 131)

and

'It is this kind of crisis that perhaps torment the modern (welfare) professions. It is not easy to be an executor of legitimate power and at the same time serve those who are the subjects of that same power'
(Bertilsson, 1990: 131)

Moreover, although social rights may still be embodied in the modern welfare state there is no one reason why needs should be met through a traditional welfare bureaucracy and that the liberal state could deliver these services through the market. However, the implications and consequences for users and providers are different in each model (Bertilsson 1990).

Although the New Right do see the need for civil and political rights, they question the need for social rights because they believe social citizenship rights reduce individual freedom. Social and welfare rights were embodied in the Keynesian welfare state and part of the ideology of the New Right is the retrenchment of these rights. (King, 1987).

⁶ In this Bertilsson is referring to the collective actor - the body of citizens.

They also dispute the notion of equality as a rationale behind public policy because, for example, they violate property rights and because inequality comes from unintentional processes of the market it is therefore justifiable and a necessary factor in market relations (Hayek, 1960; King, 1987).

The meeting of needs also has implications for professionals and bureaucrats involved in the delivery of services. In UK the public services were part bureaucracy and part professional. This involved particular modes of power, which included access to resources, relationships with recipients, decision-making and so on. Furthermore in bureau-professional regimes there were different balances of power with some veering towards the bureaucracy aspect and others leaning towards the professional aspect, and in some regimes such as local and central government there was the added dimension of political power (Newman and Clarke, 1994).

During the 1970s consensus between bureaucrats and professionals was seen as a stumbling block to the radical reconstruction of the state because each group was seen as having a self-interest in preservation and expansion of the public services. So management was identified as a force that would counter these modes of power and management would replace abstract professional standards with efficiency; bureaucracy with flexibility; and political ideology with good business practice (Newman and Clarke, 1994).

There are, of course, difficulties in dismantling traditional power bases within the public sector. The welfare state provides an institutional base for public officials and also a focus for professional middle-class groups and a class of welfare clients. All may share a common commitment to defending these institutions and policies, and for some this may be more significant than class divisions⁷. Moreover, public sector employees and professionals are highly unionised therefore may engage in a high degree of political

⁷ An example of Weber's notion of status and party weakening class divisions.

mobilisation to protect welfare services. The user of the public sector, e.g. those receiving benefits, also have vested interest in seeing the continuance of the welfare state. However, there are also differences in the way different groups may try to defend public services. For example, middle-class professionals are both consumers and producers, whereas the working class tend to be consumers. For this reason programmes where people produce *and* consume may have greater support than consumers only, e.g. health and education may be more protected than welfare benefit/income support⁸.

In a market-based approach to welfare, the role of citizenship is defined through consumption rather than through participation. This has changed the way the client is viewed, i.e. the client is now seen as the customer. Whether this is positive or negative is a matter of debate. For example, Hansen (1993) uses Ardent's argument that the market limits citizenship, whilst others such as Harrison (1991) have suggested that it is a form of 'modern citizenship' and that it enhances citizenship by giving choices to the individual.

This leads us to the question of whether the needs and interests of the public sector are best served through the introduction of the market, or in this case the quasi-market, or whether planned, and perhaps bureaucratic, organisation provided by the state is the most efficient way of service delivery.

Hierarchy versus Markets

'The job of the Welfare State is to organize the production of a range of goods and services and distribute them to particular groups in the population, according to policies laid down by the government.' (Taylor-Gooby and Lawson, 1993:132).

⁸ This can be seen in the manifestos and policies of current and recent governments where health and education are seen as priorities but pensions and benefits are given more piecemeal attention.

Whilst this quote tells us something about the responsibility of the state in relation to welfare it leaves open the question of how this will be achieved and, this in turn, raises the issue of the place of hierarchy versus market in public sector governance and management.

The nation state, capitalism, centrally planned regimes and market systems all need organisations to sustain them and bureaucracies, as one form of organisation, have become a feature of everyday life. However, hierarchy, in the form of bureaucracy, has become increasingly questioned as the most efficient form of organisation - the question being whether bureaucratisation is the best solution for dealing with the organisation of complex societies or whether society needs to look to other means to solve the problems associated with meeting needs in advanced societies? Although some would see bureaucratic administration as indispensable, others, such as public choice theorists, have questioned its use and view it as inefficient - hence the case is made for the state to become market oriented (Bell, 1973; Osborne and Gaebler, 1992; Walsh, 1995).

Weber (1922) makes his case for bureaucracy as the most efficient type of organisation and the purest type of exercise of legal authority. Bureaucracy is characterised by: hierarchical organisation; freedom of contract; the office being more important than the person; the technical qualifications of employees; and salaried personnel who are separated from ownership.

The 'typical' bureaucracy is based on the notion of a formal, rational organisation in which actions taken are directly related to the efficient functioning of that organisation. The office not the person is important in such a type of organisation and actions are expected to be predictable and calculable with impulsive behaviour being discouraged. Weber's notion of the 'ideal type' bureaucratic official was that of technical personnel whose work was characterised by precision, speed, control, continuity, discretion, who

had surety and security in employment and who were loyal to the institution above all else (Merton, 1968).

In Weber's view this monocratic type of bureaucratic administration makes possible:

'a particularly high degree of calculability of results for the heads of the organization and for those acting in relation to it' (Worsley, 1970:369)

and

'...however much people may complain about the 'evils of bureaucracy', it would be sheer illusion to think for a moment that continuous administrative work can be carried out in any field except by means of officials working in offices' (Worsley, 1970:369).

So that....

'The choice is only that between bureaucracy and dilettantism in the field of administration' (Worsley, 1970:370).

However, Weber's ideas have been challenged by Robert Merton (1968). Merton's (1968) essays on bureaucracy discuss the pros and cons of bureaucratic structures and give some insight into their problems and perceived problems. Although he agrees that in Weber's classification some elements of bureaucracy can further efficiency, Merton (1968) maintains that inevitably they tend to have dysfunctional consequences⁹. Merton (1968) suggests that Weber's concentration on the positive aspects of bureaucracy have led to the negatives being ignored. The concept of 'trained incapacity' (first purported by Veblen) and the negative aspects of bureaucracies have long caused complaint by the

⁹ In this Merton agrees with Blau and Blauner who have also described the 'dysfunctions' of bureaucracy.

public who come into contact with bureaucratic organisations and the people who operate within them.

Merton (1968) suggests that this is because bureaucrats are trained in technical expertise and to act according to rules. However, actions that are successful in one situation may be inappropriate under changed conditions and, in this case, training and expertise may become an incapacity. So, when examining bureaucracy, it is necessary to look at the things it can achieve but also at the way in which it acts as a barrier. Merton also suggests that the 'trained incapacity' referred to by Veblen comes from structural sources. This includes such things as reliability of responses, the absolutist nature of rules, and the inability to adapt rules for new conditions, which results in design rules being inefficient in particular, circumstances.

Moreover, the discipline of bureaucracy is underpinned by particular sentiments. Bureaucrats have a pride in their work, and work can take on a moral dimension, sentiment formation, and emotional dependence upon bureaucratic symbols and status. This means that adherence to the rules can become an end-in-itself and this causes a displacement of goals - hence we get 'red tape'. One example of this is the *categorisation* of cases, which becomes more important than individual cases which are often ignored. This clashes with the client's perception who sees his/her case as being special or unique. Furthermore, bureaucrats are meant to be the servants of the people but in fact the official may be dominant even with clients who consider themselves to be socially superior. These aspects can cause difficulties in the way problems are dealt with and in the perception of the organisation. In commercial organisations this can be minimised because client can go elsewhere but in the public sector this may not be possible because of a monopoly situation where clients have no choice but to deal with the appointed official (Merton, 1968).

Another major criticism of bureaucracies and bureaucrats is their propensity for self-interest. The official has a graded career and promotion is based on seniority rather than competition, which can lead to self-interest rather than helping the client or the senior (Merton, 1968; Niskanen, 1971). Moreover, within bureaucracies, behaviour tends to lack innovation because career trajectories often depend on conformity rather than risk taking. Any behaviour that goes against the formalised norms of impersonality becomes the object of disapproval. This 'emotionalised disapproval' helps to maintain the formalised norms within bureaucratic organisations. So, conformity to rules often becomes the *raison d'être* and this may prove an obstacle to serving the needs of clients, along with the impersonality of bureaucratic procedures (Merton, 1968).

For many years those working in, and managing, the public sector were part of the bureaucratic structures and personnel that comprised the civil and public services. The impartiality of a separate bureaucracy that served the state rather than any narrow political interest had in the past been seen as the best way of ensuring efficient delivery of public services. However, recent dissatisfaction with the organisation and management of public services has led to increasing criticism of the bureaucratic model as the most efficient way of running the public sector. The three main criticisms of the public sector in relation to the bureaucratic model have been: the role of the professional or semi-professionals who 'serve' the state; the amount of public money spent on what was seen as uncompetitive and wasteful sector; and the lack of responsiveness to those who use public services. Further criticisms of large state bureaucracies include the way information gets lost between the various levels of the hierarchy; the difficulty in measuring performance; the Lack of innovation as there are no entrepreneurs to look for new products or production techniques; and the absence of any external mechanisms such as share price which may give some indication of an organisation's 'success' (Walsh, 1995).

These features can be seen in the organisation of services provided by the state. For example there is a hierarchical distribution of authority and responsibility. Although there is a distinction between politicians and senior bureaucrats this difference may be obscured when dealing with people lower down the echelons of power and there is a tendency for those with responsibility to look after their own self-interests. Organisations, e.g. the NHS, tend to be large with specialisation within particular services leading to further hierarchies. There may also be a tendency to provide ancillary services e.g. transport and cleaning, 'in-house' and professionals within these organisations tend to be self-regulatory and without independent scrutiny of their work (Walsh, 1995).

However, it would be misleading to suppose that hierarchy is a form of organisation found only in the public sector. The private sector is also associated with bureaucracy. In fact one criticism of the private sector has been their advocacy of the 'external' but their reliance on internal hierarchies. For many years bureaucracies were seen as necessary adjuncts to the smooth running of the free market and capitalist enterprises. So, whilst private companies and business used free market principles to regulate their relationship with other companies, businesses, individuals and governments, their internal organisations and relationships reflected the bureaucratic model.

The criticisms of bureaucracies found their way from academic spheres to debates, policies and changes in organisations within both the private and public sectors. These criticisms have been coupled with dissatisfaction with bureaucratic models as a way of organising work and production and have led to major changes within the private and public sectors. This can be seen in the latter half of the 20th century with moves towards the introduction of an internal markets and enterprise forms being applied to the internal organisation of the private and public sectors. The introduction of internal market means departments, sections, divisions within companies have to buy and sell services to each other or compete with each other for limited resources. For those who advocate this

model, it is seen as a more efficient way of running an organisation compared to the bureaucratic model and all its attendant problems (Newman and Clarke, 1994).

So, promotion of internal markets and concomitant managerial ideologies have found their way into the public services resulting in major changes within this sector. The vitriol against the 'evils of bureaucracy' combined with the need to control a high public sector borrowing requirement and the desire to control the power of professionals, have fuelled the transformation of the public service and have paved the way for the introduction of the 'market' as a better, more sensitive, way of delivering service. Advocates of the market suggest that the market mechanism will overcome the failings of the public services as non-market failures are essentially problems in control of performance, motivation and monitoring, and the introduction of markets introduce the essential ingredient of competition which is one solution to these problems (Walsh, 1995).

Supporters of market-oriented practices highlight the advantages of such systems. For example, markets involve the separation of purchasing and supplying, ensure an end to overproduction and ensure bureaucracy is minimised. There are also clear lines of responsibility and the creation of a service management culture which often goes along with performance based pay (Walsh, 1995).

However, despite the rhetoric of economists who refer to the 'free hand' of the market, and have a tendency to describe 'the market' in abstract terms, commentators such as Hoggett (1996) emphasise the social nature of markets and, as markets are a social construction, they involve actors and players. Moreover, there is no one market model but many. Mullen (1990) for example, suggests two types of market - Type 1 and Type 11. Type 1 is where there is a relationship between individual users and purchasers. Type 11, Mullen (1990) claims, is most commonly found in the new public sector where the organisation - or professionals within that organisation such as doctors - act on behalf of the ultimate user.

Hoggett (1996), on the other hand, gives us a three-fold classification that identifies the main differences between markets. The first model is based on competition within producer markets where units compete to supply goods and services to government, which remains the main or sole direct purchaser. The second model is based on competition within consumer markets where units compete to supply services to individual purchasers or their proxies. Finally, the third model is based on competition without markets where units are engaged in competing for government's resources but where government does not adopt the role of purchaser.

The picture is also complicated because of differences between external markets, internal markets, and competitive tendering. External markets are those driven by the customer and should result in a transfer of power from the provider to the user. Internal markets, on the other hand, are forms of managed consumer markets where the purchasers (or their proxies) are individual service users. This involves a relationship between providers and end users. Internally, the market will allow each department/section to improve the efficiency and quality of its service particularly if an element of competition is introduced to this process: this element of competition is competitive tendering (Hoggett 1996)

Hoggett (1996) defines competitive tendering as competition within producer markets where the suppliers compete to supply goods and services to the purchaser. This is supposed to increase flexibility and some have seen it as the development of a post -bureaucratic form of organisation. Hoggett (1996) notes, however, that what is distinctive about the UK is that rather than competitive tendering being undertaken as a means to improve quality, the move towards subcontracting has been *politically* driven with the aim of cutting costs. Also in the public sector in the UK, probity and accountability are still valued and this has resulted in an increase in proceduralism in contracts rather than the 'relational' forms found in the private sector. Kirkpatrick and Lucio (1996) also point out that contracting is not a homogenous set of practices or intellectual ideas, although it is largely influenced by public choice theories.

It is therefore difficult to disentangle these different threads, and the complexity of these ideas and practices can be seen in the different ways professionals and administrations have adopted these ideas. This complexity includes competition from more than one provider, e.g. in health care provision is made through the NHS and private providers. Another difficulty is defining the user, e.g. in the NHS 'market', is the user the individual patient or the government as an aggregate user? Finally, where services such as cleaning or building have been contracted out, the provider of the service also becomes the purchaser of other services, which adds another layer of complexity (Walsh, 1995).

As well as confusion in defining and applying the 'market' there are many criticisms of the way it has been implemented. Hoggett (1996), for instance suggests that the distinctive character of markets within the public sector is that the state is the monopsony purchaser and therefore has the power to dictate its terms. Walsh (1995) has suggested that monopoly is also a problem because, despite internal markets, many services are still monopoly producers. However, Vining and Weimer (1990) dispute this point and suggest that contestability and not competition is the main consideration. If supply is not contestable then government should supply goods itself but if supply is contestable then purchase should be through contracting.

Related to issues of supply, Wolf (1998) has suggested that the growth in demand for government services leads to over-supply and that failure is inevitable because the supply/demand equilibrium is weak and the lack of market exchange means there is no objective way of performance. However, Le Grand (1996) disagrees with this view and that of government failure in general. He notes that the picture of market success versus government failure is not clear-cut. Markets sometimes fail and governments sometimes succeed and therefore any view must be balanced.

It has also been argued that there are things that the market cannot provide so some state intervention is required. This is especially true where things have a moral significance,

for example, in righting injustice or providing something that is for the 'collective good' e.g. education (Walsh, 1995). Hoggett (1996) has also suggested that public sector markets are also cash limited, which leads to a 'zero-sum game' where one market is only expandable at the expense of others. However, this may not necessarily be the case and is one reason why organisations may be pushed to make 'gains' from organisation and reorganisation rather than through income or resources from the 'pot'.

Moreover, the introduction of markets has encountered difficulty because the organisational infrastructure of information and procedure to produce effective trading within organisations has been slow to develop. If organisations want to move from hierarchy to market then it is not sufficient simply to establish devolved budgets without real control of resources and although organisations such as the civil service tried to change patterns of organisation the underlying rules were still the same and may account for the slow implementation of change (Walsh, 1995).

Finally, there is a contradiction in the introduction of market principles as a means of controlling the power of professionals and alleviating the 'evils of bureaucracy'. In Weber's original analysis of bureaucracy, this form of administration was seen as ideal because of the separation of the state and the civil service (and thereby political influence). The executive interest of particular governments was counterbalanced by the impartiality of the civil service. In this way politics was seen as separate from the governance of the public services. Paradoxically, the philosophies and policies of the New Right, in wanting to take this separation further, has resulted in a *politicisation* of this process so that the separation of state and public service has become part of political debate and ideology. A further paradox is that as issues of the state versus the market becomes more politicised, the introduction of market mechanisms has resulted in the citizen/public becoming more *de-politicised*. Whether this is deliberate or not is a matter of contention.

So, does the introduction of market mechanisms to public services produce any advantages over hierarchies? *In Markets and Hierarchies: Analysis and Antitrust Implications*, Williamson (1975) explores the advantages of hierarchies as opposed to simply leaving everything to the 'free hand' of the market. In trying to understand market success and failure he argues there has been a tendency to focus on maximisation of profit. In his view, internal organisation is largely neglected yet hierarchical structure and internal organisation are both important when looking at quasi-market or non-market organisations.

Two factors, uncertainty and bounded rationality, are key features of this argument. Market paradigms base much of their logic on the notion of rationality where the self-interested person will maximise benefits by weighing up information and coming to an informed decision. However, Williamson (1975) suggests that although rationality does exist this is bounded by the amount of information we can work with, our ability to access information, and our means of expression. Moreover all decisions take place in conditions of uncertainty, and further complications arise when people engage in opportunistic behaviour (a form of extreme self interest where individuals engage in strategic behaviour). In circumstances where unbounded rationality, uncertainty and opportunism come together a situation that is detrimental to the organisation can occur.

On the other hand, internal organisation often has attractive properties in allowing parties to deal with uncertainty and complexity in an adaptive, sequential fashion without having to deal with the opportunism found in market contracting. Internal organisation has three main advantages over markets because it provides less opportunism for individuals; allows for audit; and can settle disputes more easily. Internal organisation also has less calculative relations than markets and makes allowance for 'quasi-moral involvements' and reciprocity (Williamson, 1975).

The standard hierarchical structure has been the U-form which is a Unitary form with divisions, e.g. marketing, finance, sales, manufacturing. This allows for direct hierarchical control and an efficient division of labour. However, this really only works in a small organisation and control can be lost if organisation gets too big and therefore a different type of organisation is needed (Williamson, 1975).

Williamson (1975) suggests the M structure as a possible alternative. The M structure tends to be characterised by a flat structure with less overall control - at least at operational level but whose sum is greater than its parts. In this structure responsibility for operating decisions is assigned to operating divisions or quasi-firms. In a typical M form structure, the control over operations is maintained by an advisory office that also has an auditing role to play with another department dealing with strategic decisions such as planning, appraisal, control, and allocation of resources. Williamson (1975) argues that, given the inability for unitary form organisations to deal with large size and complexity, the development of M forms has allowed firms to grow. If Williamson (1975) is correct then moves to market organisations may be detrimental and hierarchical organisations based on an M type model may in fact be more effective and efficient for the governance and management of public services.

Naschold (1996) has also suggested two regulatory mechanisms whose main features define the transformations and differences between traditional bureaucratic structures and that of the new public sector management. The former is characterised by rules, division of labour based on single tasks, management through hierarchy and absence of strategic management, and limited competition. The latter is characterised by results and performance, a process/product focus; management through contract and customer orientation; and contracting and quasi-markets.

This has led some to ask whether we have moved to a post bureaucratic structure of organisation that deviates from Weber's 'ideal type'. The blurring of boundaries between

private and public and the introduction of internal markets, profit centres, and so on, have suggested that the change is significant enough to suggest the emergence of post-bureaucratic type organisation (Hoggett, 1996). Heydebrand (1989) suggests, for example, that the post-bureaucratic form:

‘would tend to be small or located in small sub-units of larger organisations; its object is typically service or information, if not automated production; its technology computerised; the division of labour is informal and flexible; and its managerial structure is functionally decentralised, eclectic and participative’ (Heydebrand, 1989: 327)

At first sight this may seem typical of new public sector structures such as NHS trusts. However, are these new or simply a distortion of original ideal-types? Hoggett (1996) argues that competition, decentralisation and performance monitoring are strategies of control but cannot be seen as a movement towards post-bureaucracy, and on closer inspection, parts of the NHS have resorted to more simple and coercive forms of control with increased insecurity because of flexible practices, performance monitoring and proceduralism.

Walsh (1995) also thinks the notion of post-bureaucracy is wrong. Performance indicators, job codification and proceduralism are all there but have been re-defined rather than abolished. Staff in the public services have not adopted the ‘culture of excellence’ found as a concomitant to the new management practices in the private sector, and although approaches such as TQM can be found they co-exist with other rational forms of control such as performance specification, routine monitoring, and proceduralisation. This leads Walsh to conclude that:

‘There is a tendency for a new form of hierarchy to reassert itself within the market, as intermediate bodies are established to act as links between central government and the increasingly large number of local agencies actually providing services’ (Walsh, 1995: 199).

Walsh (1995) suggests that we are witnessing a trade-off between markets and hierarchies with both being used in different circumstances. Nor is this unique to the public sector. This complexity can be seen in the private sector with companies co-operating as well as competing and there is a danger that public services are adopting a competitive model that the private sector are modifying. Thus, what we are seeing in the new public services is a trend towards networks and quasi-autonomous internal units. The introduction of pricing and charging has created market pressures but the effect of this has not been to abolish hierarchies but to create 'hierarchies with markets'. So, the form of organisation that seems to be emerging does not conform to either hierarchy or market but is somewhere in-between.

Moreover, with the development of contracts, public organisations compete with private providers, or work may be externalised. This means that the public service becomes the

'nexus of contracts rather than a bureaucratic hierarchy' (Walsh, 1995:viii).

Le Grand (1991) suggests that these organisations will have their own rules and procedures and will involve institutional change. However, because markets are not fully developed and have high levels of monopoly and monopsony they are best described as quasi-markets (Walsh, 1995).

Williamson (1975) also suggests that it is better to view market versus hierarchy as a continuum rather than as alternatives. Traditional approaches to public sector management had key features such as professionalism, hierarchy, self-sufficiency, incremental planning and budgeting, and departmental organisation. New approaches need to consider other factors such as information, incentives, trust, quality and risk. There are also a number of other difficulties over such things as property rights - what individuals and groups are allowed to do with resources; the lack of the 'perfect market'

as described in classical economic theories; and the need of some relationships to be based on trust rather than instrumental considerations e.g. patient/doctor relationship.

This has led Williamson (1975) to develop the notion of a continuum of hierarchy and market rather than construct these as binary opposites. Thus, in his model, organisation is at one end and is characterised by authority. This moves to the quasi-market, which is defined, by authority and exchange. The next is quasi-organisation, which involves exchange and authority. At the other end of the continuum is the market whose main feature is exchange. Using this model we can then examine the features of both market and organisation without being tied to the 'pure' forms described in economic and sociological theories.

Issues arising from review of literature and theoretical concepts

Power, freedom and Further Education reforms

Although we have reviewed the evidence of the way reforms were politically driven by neo-liberal ideas, they took a specific form in Further Education in the way the 'market' was created and the devolved institutions that derived from the reforms. This, in turn, leads to many questions. For example, in the new structure, who holds power? Does power lie with state or non-state agencies? As has been argued, erosion of democratic control may have taken place through agencies of government such as quangos and non-state service providers. Has the institution of the Boards of Management in Further Education shifted the locus of power and are these new structures representative? Does the move towards freedom conflict with notions of democracy? Finally, how have these process been interpreted by key players who have implemented, or been part of, the changes.

Further Education, governance and decentralisation/centralisation

A related issue is the nature of governance of Further Education. The introduction of a devolved system of governance and management leaves open many questions for the Further Education sector. What has been the mode of governance and management applied to the development of Further Education? How do these relate to the concerns and objectives of local and central government in the provision of Further Education? Finally, to what extent has decentralisation taken place and is there any evidence to support those who argue that centralisation is still a tendency within the present form of governance.?

Technologies and control

Rose (1996) has suggested that advanced liberal strategies require techniques of government that create a distance between the formal political institutions and other social actors. One way this is achieved is by creating a new relation between expertise and politics. Expertise, seen as a closed domain of professionals, can be monitored, measured and evaluated through budget disciplines, accountancy, and audit. Thus we have his notion of the 'grey sciences'. Is there any evidence of this new relationship? For instance, what are the effects of funding methodology and what effect has funding methodology had on steering the service in a particular direction?

One criticism of the recent reforms has been that they are merely ways of replacing one form of control with another. Does the data on the reform of FE support the view that the conditions have been created where freedom has become a *resource* for government? One way this can be illustrated is through the introduction of devolved responsibility combined with accountability to the centre. Rose (1996) argues that public authorities seek to govern society at a distance without recourse to direct forms of repression or intervention. In neo-liberalism this can be seen in technologies such as auditing, accounting and management that enable a 'market' for public services to be established without any seeming central government control.

If this is true, what role do these new technologies have in the governance and management of Further Education and is there any evidence that managerialism has increased? For example, what are the technologies used in the governance of Further Education? To what extent have audits, Performance Indicators and quality systems become a feature of Further Education? This is likely to be exemplified through the imposition of such things as increased managerialism in the workplace and audits replacing professionalism and collegiality. Can these be seen as new forms of control and how do different audiences interpret these factors? For example, how do different actors

and agencies interpret the role of Performance Indicators or the function of management and to what extent have monetisation, marketisation and management 'speak' been internalised and accepted? Are the objectives of management to provide a better service to the student or balance the books?

Quasi-markets and FE

One problem that has beset all governments in recent history is how to resolve the dilemma posed by the increasing demand for services on the one hand, and the political desire to decrease the Public Sector Borrowing Requirement on the other. Is the introduction of the quasi-market one way of cutting public services that avoids the public, who rely on these services, blaming the politicians? The way 'markets' were introduced also varied widely in the public sector. What factors were involved in the reform of FE? Has political intervention, seen by some as coercive, really been replaced by 'free hand' of the market? What about later reforms by Labour administrations? Did they continue the trend set by earlier governments? How did the change in political administrations affect the organisation and work of Further Education and what has been the response of Further Education to the changes?

The introduction of market principles to a hitherto 'provided service' and the devising of legal, institutional and cultural conditions which facilitate competitive and entrepreneurial behaviour - albeit 'imitative' rather than 'real' behaviour - has led to those who have been outside this type of economic system, and even antagonist to it, being brought within its boundaries. In this way the market, rather than politicians, dictates the supply of, and demand for, services. Professionals are, in turn, forced to respond to considerations of cost thus limiting their ability to make decisions on other grounds, such as social factors. So, we must ask whether college managers are being pulled toward the role of 'private sector trading organisations' and to what extent they can resist being drawn into these

‘enterprise forms’ when the models set by central government revolve round Performance Indicators, efficiency, the number of students enrolling on a course, and so on.

New forms of organisation?

If professionals and Further Education in general have adopted the ‘enterprise form’ what are the implications for organisations in this field? Has hierarchy been replaced by the market or has hierarchy through central control replaced hierarchy through delegation? If so, is this a new structural form or is the substance the same but merely appearing in a new guise? According to Sayer (1996) ‘tight/loose’ forms of control are replacing the bureaucratic mechanism. This involves a tight rein being kept by central authorities over strategy, financial input, specifying outputs but freeing up the internal intervening processes. So while a budget may be centrally set the responsibility for spending it is devolved. Has the introduction of the quasi-market destroyed traditional bureaucratic structures? If so, what has taken their place and how do key players interpret the changes to these processes? Finally, have the forms of organisation that have emerged within Further Education helped or hindered its development and what characteristics have ensured its survival within a changing world?

Chapter 3: Methodology - approaches and techniques

The methodological approach informing this thesis is the case study combined with triangulation between different data sources. At a broad level it involves the use of 'the case' / case study and triangulation, and at a more specific level it involves the use of a number of different research methods, namely: in-depth, semi-structured interviews, policy and other official documents, minutes of meetings, memos, existing studies and observation.

The case for a 'case'

In *What Is A Case?*, Ragin and Becker (1992) suggest that the concept of a 'case' is used to define many categories, for example, data categories, theory categories, historical categories, and so on. Other texts also highlight the variety of ways in which a 'case' or 'case study' can be viewed and used. Rose (1982), for example, suggests it normally refers to an in-depth study of one person, family or political event. Harvey and McDonald (1993) have a broader definition: they point to the ambiguous nature of what we mean by 'a case' and argue that it can be seen at many different levels. For example, it sometimes refers to a group of people in an organisation but it can also be used to study a larger unit such as a district in a town or city. Bell (1993), quoting Aldeman et al, gives this definition of a case study:

'an umbrella term for a family of research methods having in common the decision to focus on an inquiry around an instance' (Bell, 1993: 8).

For Bell (1993) the case study is a good method for individual researchers because it gives the researcher the opportunity to investigate one aspect in some depth. In this way a good case study will provide the reader with:

‘a three-dimensional picture and will illustrate relationships, micro political issues and patterns of influences in a particular context’ (Bell, 1993: 9).

This is one of the strengths of using case studies as it allows the researcher to draw together different factors and examine the interplay of these factors. However, the use of case studies is open to criticism because it usually involves a single researcher making decisions on the selection of areas to be investigated and the final data for presentation. Another disadvantage is the extent to which results are generalisable and whether generalisations about a particular phenomenon can be made from the data obtained.

Triangulation

Triangulation is an approach to gathering data rather than a method in itself. Harvey and McDonald (1993) suggest that it can involve either one researcher using more than one research technique, or two researchers using the same technique, or two or more researchers using two or more techniques. Bell (1993) sees it as a multi-method approach that involves the study of a phenomenon through cross-checking individual accounts and data from a number of sources. This allows the researcher to produce a balanced account by comparing and contrasting evidence from the data generated. A third definition is given by Rose (1982) who describes triangulation as:

‘A term used by Denzin (1970) to describe an important methodological principle. It means the use of two or more different methods in studying the same phenomenon - the point is that no one method is infallible, so the use of several methods gives more conclusive results.’ (Rose, 1982: 309).

However, even if triangulation is used, Rose (1982) warns that the usual constraints of access, time, confidentiality, and so on will still be experienced by sociologists using this approach in their research.

Rationale for using 'the case'/case study and triangulation

The use of the case / case study in this research is made in different ways and on different, but related, levels. On the one hand there is the 'case' as a 'theoretical construct'. In this instance the case of Further Education is used to examine the interpretation of principles of public sector reforms. So, for example, the case is used to exemplify the theoretical concepts of freedom, markets, governance, and so on and the way different key players have interpreted these concepts and processes - thus demonstrating the areas which are 'contested domains'.

As well as the case being made at a theoretical level, Further Education is used as an 'empirical unit' with Further Education being a case study of public sector reform and the focus for investigation and research. Moreover, within this there is further particularity, with a specific college and region being used as case studies to illustrate distinct processes and transitions within the Further Education sector in general. The choice of Further Education as a case study within the range of public sector reforms has two main advantages. Firstly, the reform of Further Education was a process that occurred in the mid-to-end of a series of reforms in the public sector in the 80s and 90s and therefore is indicative of the ideologies and policies of that era. Secondly, there was an identifiable process of change and the final transition, set out in the *Higher and Further Education (Scotland) Act 1992*, was clear cut and widespread affecting as it did nearly the whole of the FE sector. This has allowed particular processes, technologies and effects to be identified and examined through the analysis of a range of data.

As we have seen, one of the criticisms of case studies has been the difficulty in generalising from data obtained. However, anticipated problems with generalisability have been minimised as much as possible. In an earlier chapter, the significance of Further Education as a key element of the public services has already been demonstrated by its importance within education sector, to the Scottish economy and to government

policy on lifelong learning. Thus the rationale for using Further Education as 'a case' is robust. Moreover, the reforms in Further Education were widespread and backed by national legislation. This meant that, by and large, the whole of the FE sector was affected by the reforms and generated a similar, if not common, experience across colleges.

The college used for this case study was built in 1971 and was one of a number of colleges constructed in the 1970s to accommodate the increasing demand for Further Education and vocational training in Scotland. As such, the college had less in common with those built to serve traditional industries such as shipbuilding as its vocational courses were structured to meet the needs of services/industries such as plumbing, construction, and electronics. Nevertheless, a lack of ties with a specific industry meant it developed a broader portfolio than some others and with the demise of traditional industries, aspects of changes in the curriculum were less severe than those experienced by some colleges. However, other colleges that were designed around specialisms such as commerce or IT had in turn a substantial advantage over those with a broad portfolio or those that served traditional industries because of the demand from the new service industries for courses in business, computing and communications.

The college is a medium sized organization with an annual operating budget of approximately twelve and a half million pounds and figures from Noble (1999) show that it employed just over 200 full-time teaching staff and almost 140 full-time administrative staff. As a medium sized college it does not represent the extremes within the sector such as the very large or very small colleges nor does it represent the very specialised colleges such as those offering Agriculture courses or Gaelic. However because the college is situated in an outlying area of a large city it does experience some of the same problems experienced by rural colleges as it does not have the advantages of those colleges situated in city centres which have good transport links and generally have little

trouble recruiting students because of the ready-made social and recreational facilities on their doorsteps.

Although only one college has been used for this case study and despite some differences with other colleges in the sector, the 'case' for using this college does withstand scrutiny in the ways in which it typifies the college sector and the commonality of experience in relation to incorporation.

In attempting to clarify the confusion on what constitutes a Further Education college, Hall (1994) outlines a number of characteristics that could be taken as the 'typical' college. In terms of student composition he suggests that there should be at least 1000 full-time students, at least 3000 part-time students and that although the full-time students will often be in the 16 - 20 year age range, there would also be many mature students attending the college. Furthermore, Hall (1994) suggests that a number of criteria relating to course provision that would characterise the 'typical' college. These include pre-vocational courses, vocational courses, full and part-time course in general education allowing access to Higher Education, recreational classes, day-release provision, Higher Education courses, full cost short courses, Special Educational Needs (SEN) provision and prison provision.

Data taken from Noble's Further Education Financial Yearbook (1999) show that the college used in this case study meets these criteria. For example, figures in the 1999 Yearbook show that 1,892 full-time students and 4,327 part-time students attended the college. In terms of provision the college meets all of the criteria laid down by Hall (1994) with the exception of the prison provision, which falls to selected colleges within Scotland. For example, the college has a wide range of Higher National courses in specialist and vocational subjects, there is a large general education department, an established SEN department, day-release for vocational subjects, a thriving leisure programme and full cost courses offered through a number of departments.

Another aspect which justifies the use of this college is in relation to the transition from regional authority control to, and beyond, incorporation. For example, the regional authority responsible for the college until incorporation was the largest in Scotland. Although the larger regional councils had particular advantages, e.g. larger budgets, and specific disadvantages e.g. cumbersome bureaucracies, the region used in the study covered a wide geographical area and included a fifth of the population of Scotland and therefore it could be argued that it represented a cross-section of the population with rural, urban, and varied socio-economic and political groupings included in its jurisdiction. It was also responsible for nearly half of the Further Education colleges in Scotland prior to incorporation and therefore in terms of policies, procedures, funding mechanism, etc. was representative of a large part of the Scottish sector.

The response of the case study college to incorporation also reflects that of the sector as a whole and illustrates some of the specific issues that faced many colleges such as the recruitment of students from socially and economically disadvantaged backgrounds.

Prior to incorporation, college management, like others in the sector, had doubts about the uncoupling of Further Education from regional authority control, fearing that individual colleges would not survive. However, these concerns proved short-term and with the proposed reorganisation of local authorities in Scotland - which would lead to the dismantling of the regional authorities - the college management convinced staff that long-term survival of Further Education was more assured as an 'independent' sector as the new local authority structure would mean smaller authorities where the share of money for Further Education would likely be diminished.

As part of incorporation, Boards of Management were introduced. Through trade union representation, staff at college expressed concerns that as a result the ethos of education would be replaced by that of business and that educational values would take second place to financial considerations. Fears for loss of jobs and autonomy in the classroom

were also expressed. However, as will be seen in later chapters, those managing the college appeared less concerned about these aspects. Although senior managers did express some concern about the diminution of political representation because colleges would no longer be under local authority jurisdiction, this was balanced against their belief in the benefits of independence.

However, the introduction of Boards of Management, devolved responsibility and changes in role for Principals did result in changes for senior managers. The college undertook a restructuring soon after incorporation and this was a common response in many of the colleges in the Scotland. However, this happened unevenly throughout the Scottish sector with some college restructuring immediately whilst others waited: in two Scottish colleges this delay proved detrimental and direct intervention from the Scottish Office in terms of financial help and management/HMI advice became necessary in order to ensure short-term survival of these colleges.

Restructuring had two consequences in the college concerned and in the sector generally. Firstly, there was a change of role for senior managers with devolved responsibility for such things as estates, finance and quality. This changed the previous focus on education, curriculum, etc., to a managerial role where competency was measured in terms of the ability to manage. Secondly, there was an increase in the employment of non-academic staff in managerial posts. For example, restructuring in the case study college resulted in two managers being recruited from non-FE, non-academic backgrounds specialising as they did in IT and Accountancy and this experience was repeated in a number of colleges throughout the sector.

Colleges also had to grapple with changes in funding and this is explored in more depth in Chapters 4 and 5. The case study college raised concerns regarding the initial introduction of formula funding and, in particular, the way it was calculated and time-lapsed. As such, the college was part of the 'Scottish voice' that demanded change from

the Funding Methodology Review Group, which was a precursor to the Scottish Further Education Funding Council.

In the first year following incorporation, funding remained largely historic and the changes in funding methodology took some time to impact on the operation of the college. However, as the new regime became established, the need to fill courses, increase in demand for particular courses, e.g. social care, and under-subscription for other courses e.g. vehicle maintenance, resulted in changes departmental programmes. Despite these changes, the college used in the case study managed to avoid compulsory redundancies for full-time staff. Reduction in staffing did occur but this was achieved by early retirement 'packages' offered to full-time staff and by increasing student numbers and class contact hours for each lecturer there was a reduction in part-time staff. At the same time, the college established a Business Development and European Funding Unit and this resulted in the generation of alternative income for the college.

Incorporation and formula funding within the Further Education sector were two mechanisms which sought to move colleges into a more competitive environment which in turn would increase their efficiency. In terms of the college used in the case study, this led to three clearly identifiable developments.

One was monetisation where a monetary value was put on what to had hitherto been considered in terms of its educational or human value. The Student Unit of Measurement became the 'price' put on each student. Although at first this seemed to be a concern of Senior Managers, the college gradually moved to a divisional and sectional reporting system based on this unit of measurement alongside other considerations regarding efficiency such as staff/student ratios and class contact hours with targets set for each subject section.

The extent to which incorporation resulted in a market-led sector is explored in later chapters but one consequence of independence was increased marketing of colleges and courses. In common with many other colleges, the case-study college attempted to raise its profile through advertising, a new logo and 'house-style' for all leaflets, letters, etc. In an attempt to attract students from rival colleges, the student service department increased in staff complement and other resources. However, the college did not face 'fair' competition because it was situated in an area of high socio-economic disadvantage, which has an impact on recruitment and retention because financial considerations, personal and social circumstances and attitudinal reasons often make it difficult for potential students to enter education and, once there, maintain a regular study pattern. This issue has been faced by a number of colleges who serve similar communities and concerns about the inequity in this manufactured 'market' were raised with funders.

With new funding mechanisms and devolved responsibility the case-study college in common with others in the sector experienced increased managerialism in the form of targets, performance indicators, audits and inspections. For example, Student Retention Rates and Student Achievement Rates became part of annual reports, Annual Course Reviews were put in place based on five different types of report, Self-Evaluation for Course Teams was introduced, Senior Lecturers had to account for monthly staffing in terms of contact hours and student/staff ratios, audits were regular occurrences and the HMI inspection that took place at the time of this study generated months of work and mountains of paper.

In order to examine the processes and transitions involved in the reform of the sector a range of secondary sources has been used. Three types of data have been gathered. First, legal documents which include the acts of Parliament that have instituted reforms and changes at a formal level. Second, there are policy and other official documents that demonstrate the approach and thinking behind the development of FE. Third, there are

existing studies that demonstrate the way reforms impacted on FE and the organisation and work of other public services.

Another element of this research is more 'local' in terms of the exploration of the way government policy was implemented and how this impacted colleges in Scotland. Four types of data have been used to examine these aspects. First, there are official documents and papers that were produced to assist colleges and other interested parties through the changes and processes of reform. Second, there are minutes of meetings that demonstrate the changes that occurred during the early transitions of FE. Third, there are memos, which give an indication of the types of issues raised with local colleges under different systems of governance. Fourth, there are existing studies that relate to new forms of power and governance that resulted from the reforms.

A final and important element is the way these processes and changes have been interpreted by key players, and primary sources of data have been used to obtain a first hand account of different interpretations. Two primary sources were used to generate data for this part of the thesis. One is in-depth, semi-structured interviews with key personnel who were able to comment on changes, processes and technologies in the Further Education sector. The second is observation by the researcher who has witnessed the reform of the FE sector as part of her work in the college being used in the case study.

Triangulation has been used to apply a 'family of methods' to construct a case and a case study. Thus primary and secondary sources have been employed and these, in turn, have generated both qualitative and quantitative data. The details of sampling and the way each method was used in the research is given below together with their respective rationales, advantages, disadvantages, and problems.

In-depth, semi-structured interviews

Three important areas of exploration in this thesis include the extent to which governance has steered and developed the Further Education sector in Scotland, how aspects of reform have been accepted and internalised and the way key players have interpreted particular principles such as markets, quality, efficiency, managerialism and so on - with the proposal that many of these areas are contested domains.

In order to ascertain this, it was important to seek the views of those who could comment on, provide support for, or refute, interpretations made from other data relating to policy and practice at the interface of Further Education and wider managerial, financial and political influences - in this case, the process of reforms, the technologies employed by government and the implications for key social actors and agencies.

For this reason a horizontal sample was chosen for the in-depth interviews to reflect the range of actors involved in management and governance who had experience and knowledge in the areas being investigated. The use of a vertical sample was rejected because it was felt that this would have been relevant only if the thesis was attempting to ascertain or compare the attitudes of different levels of staff within Further Education.

Six key personnel working in Further Education or in association with Further Education were chosen on the basis of their expected knowledge of management and governance, funding, PIs and quality issues. The choice also reflects varying inside and outside interests in FE.

Two interviewees held senior management positions within the college used in the case study. Two interviewees held positions in the Scottish Office (now the Scottish Executive) - one within Her Majesty's Inspectorate with specific responsibility for Further Education and the other within the Further Education Funding Division with

responsibility for policy and funding. The remaining two interviewees were auditors carrying out quality audits within FE and with private training providers. One was employed by the Scottish Qualifications Authority and the other was contracted with Scottish Enterprise through his work at a Scottish university.

The two college managers were drawn from the senior management in the college used in the case study. These managers were approached through personal contact. One had an overall strategic role but was also responsible for a wide range of operational and financial matters. This manager also had the advantage of having worked in a business environment as well as in different settings within the Further Education sector for a number of years and therefore had witnessed many of the changes being examined in this thesis.

The other senior manager also had a strategic and operational role but his main responsibility was liaising with the Scottish Office and other external agencies on Performance Indicators and other official data from the college management information systems. This person was not an educationalist: he had come into Further Education as a professional manager and had not worked in Further Education prior to incorporation. This was felt to be an advantage as it provided a view from a senior manager who had not come through the 'system' as a member of the academic staff. He also had a particular view of Performance Indicators and their role in providing information to central government and he was familiar with the way they were used by senior management in the running of the college.

The HMI was an experienced inspector within the FE sector and had been an HMI prior to incorporation. As a representative of the agency responsible for drawing up the performance indicators for FE and overseeing quality within Further Education, this person played a significant role in fulfilling government's agenda for FE. Access to the

HMI was made through the Chief Inspector of Schools and the researcher had no say in the person chosen.

As funding and policy is a central aspect of the control and governance of Further Education in the post-incorporation era, the Head of the Funding and Policy Division at the Scottish Office was approached for an interview. He, in turn, allocated a policy/information officer for the division. This person had an overview of Further Education in Scotland and was concerned with information and policy formation and communication of issues between ministers, civil servants, colleges and the public.

The two other key players were auditors who worked for external agencies but who had a close relationship with Further Education through the auditing of educational and training provision. One auditor worked for the Scottish Qualifications Authority (SQA) and was responsible for auditing quality systems relating to all SQA and Scottish Quality Management Systems (SQMS) provision. The second auditor worked for a Scottish university and was commissioned through the Local Enterprise Companies (LECs) to carry out SQMS audits on a wide range of provision within Further Education and with other training providers. The two auditors had experience of Further Education through the changes and reforms and there was an added advantage in that their audit 'area' covered a range of training courses and was Scottish-wide rather than merely 'local'. The interviewees were approached through recommendation and they, in turn, obtained permission from their respective organisations. It was agreed that the interviews would be on their interpretations and perceptions rather than giving an 'official' view on behalf of the organisation.

The interviews were arranged through letter/fax, phone calls and personal contact. It was agreed with all participants that a synopsis of the research would be sent in advance together with the broad areas for discussion. No one objected to any areas of questioning and all were covered in the interview. It was also agreed that the interviews

would be recorded and the scripts would be transcribed *ad verbatim*. Hard copies would then be sent to each interviewee for review and comment/modification, which would be made on the hard copy and returned for analysis. Anonymity was agreed for all interviewees.

It was decided to use semi-structured interviews as these have the advantage of giving parameters for discussion thus limiting 'rambling' but they also leave room to explore particular aspects and ideas. The areas of questioning were devised around the central themes but questions/areas were also tailored for each individual to draw out aspects on which the interviewee had expertise e.g. funding and policy in the Scottish Office, role of HMI in quality, auditors and their impact on quality and the work of other professionals. The aim here was not to gather quantifiable data but to ascertain the interpretations of different key players in the processes of reform and change.

Questions were given to the participants ahead of time. Interviews were carried out between January and April 1999. The guidelines for interviews had been agreed by letter, phone or personal conversation but these were reiterated at the start of each interview. Each interview ran for one to two hours and all interviews were recorded. Only the representative from the Scottish Office was reluctant to be recorded although once he had been reassured of confidentiality and scrutiny of the contents he agreed this could be done. Also, although I have permission to paraphrase the interviews from the Scottish Office, HMI, and SQA auditor, I have agreed not to use direct quotes. However, the other interviewees, in principle, have no objections to direct quotes.

As agreed, the interviews were transcribed and sent to the participants for comments. Very few modifications were made. Any that were made related to off-the-cuff or confidential remarks that interviewees requested not to be used. Most of the comments were on grammar points. This is because the script was transcribed *ad verbatim* and

therefore contained pauses, colloquial language and spoken language that can look awkward in written form.

Legal documents and other policy documents

Documents are useful in research on organisations or governments where policy documents are kept and actions are recorded officially (Rose 1982). According to Duffy (1993), documents include written and non-written sources but in educational research the most common type of document is a printed source. He also suggests that documents can be primary or secondary sources depending when the documents come into existence. For example, if a document comes into existence in the period under research, it is a primary source. On the other hand, if there is an interpretation of events based on primary sources then this is a secondary source. Despite this distinction, Duffy (1993) suggests that both may co-exist.

Documents may also contain 'witting' and 'unwitting' evidence. The former refers to information that the original author wanted to convey and the latter refers to what might be inferred from the tone, language, and so on. The task for the researcher is to ascertain what significance 'unwitting' content has in relation to the research (Duffy, 1993).

In relation to this research, a range of documents have been used to look at the transformations and changes within Further Education. This includes acts of parliament, which contain the legislative framework for reform, and a number of other policy documents - some of which already existed and some that came into being during the period of this research. In this way documents, as defined by Duffy (1993), will be used as both primary and secondary sources of evidence. The witting and unwitting aspects of these documents are also relevant as they contain the content of government policy but also reveal the ideas and ideologies behind the policies.

Many of the documents and data from the Scottish Office relate to Scotland or FE as a whole but the documents may be unrepresentative in that they stem from particular political administrations. However, using Duffy's notion of witting and unwitting evidence, they provide the opportunity to examine both stated intentions of particular governments and to explore and interpret unstated aspects of government (Duffy, 1993).

Documents were obtained from a variety of sources including archives, libraries, the Scottish Office and the college participating in the case study.

Other documented sources - minutes of meetings

Written sources such as minutes of meetings are often kept for organisational and governmental purposes and these provide a rich seam of data. Of course, there are many problems in using sources published or written for other purposes. In *Tricks Of The Trade*, Howard Becker (1998) comments on the use of information collected by others. He argues that information will necessarily have things left out and for that reason the researcher will also leave out similar things. What we get he claims is

‘partial description for practical organisational purposes’ (Becker, 1998: 103).

The ‘trick’ for dealing with this is to ask

‘where the data comes from, who gathered it, what their organisational and conceptual constraints are’ (Becker, 1998: 103).

In this study, the minutes used came from two sources - the minutes from the regional council Further Education Sub-Committee and the minutes of the College Council from the college used in the case study. In both cases the minutes were produced by the committees as a record of business and the minutes were open to public scrutiny. The

minutes from the regional council carried strong political implications given that it was councillors who served on the committees and these were open to the public and the press. Thus, it might have been politically expedient to leave particular issues out of the discussion. It is also worth noting that minutes give an outline only of the matters that were discussed and therefore can only give a flavour of issues on the agenda. They cannot reflect fully discussions and decision making, nor which issues were suppressed or kept off the agenda altogether. On the other hand, minutes can give an overview of the types of issues raised and therefore can be useful to detect trends and processes. When used in conjunction with other data and background knowledge, it is possible to demonstrate the way issues relate to wider political, economic and social contexts.

The minutes of meetings have been used here primarily to investigate issues of representation, interpretation, and accountability and to ascertain the extent and effect of market principles prior to, and during, reforms. Access to minutes and documents from the regional council Further Education Sub-Committee was negotiated with the Regional Archive. Access to the minutes of the college councils and memos from the region to the college was negotiated through the Principal of the college used in the case study who gave permission for the documents to be used.

Regional council Further Education Sub-Committee

To explore the work of the regional council Further Education Sub-Committee, a samples of the minutes of the regional council's Further Education Sub Committee were examined. It was decided that the samples should include minutes from the three decades in which the regional councils had operated and this also covered the various legislative changes that had affected the running of the Further Education sector. The samples included in this study comprise minutes from the following years.

- 1974, 1975 and 1976 (*The first 3 years following the inception of the Regions in Scotland*)
- 1980, 1981 and 1982
- 1990, 1991, 1992 and 1993 (*Jan - April only*)

The data available from the regional council Further Education Sub-Committee was ordered and complete. However, in general, recording of the *decisions* taken was poor. Recording on some decisions, e.g. funding, was clear, but many items appeared simply as discussions or points noted with no *obvious* decision-making. This, of course, raises questions about where these decisions *were* made. Another difficulty with the use of minutes is that there is no indication of the time spent on each item on the agenda nor the importance given to each item by members of the sub-committee

In light of these difficulties, caution must be exercised in the use of this data. It can tell us something about the way Further Education has been managed and the types of issues raised, but there are limits in our ability to draw clear conclusions about the locus of power in relation to decision-making. The data was analysed by examining the *types* of issues that were directly related to Further Education and other types of issues that were considered by the Further Education Sub-Committee. Details of this analysis are given in Chapter 5.

College councils - interim structures between pre and post-incorporation

To ascertain the type of work and form of management carried out by college councils, samples of minutes from the college used in the case study were examined.

The samples chosen were as follows:

- a sample of the minutes instituted under the 1973 Act, and under the auspices of the regional council, was examined for the period June 1989 - October 1990.
- a sample of the minutes instituted under the 1989 Act, but still under the auspices of regional council, was examined for the period October 1990 - June 1992

These samples were selected to allow a comparison between the 'old' college council and 'new' college council, which were an interim stage between pre- and post- incorporation. These two sets of data were also the most coherent sets of the minutes that were available.

However, there were some problems with the data. For example, there was poor recording of decisions, with many items simply noted. Moreover, some meetings from college committees had no record of who had attended, and there was one instance when a person attending a college council meeting was not an appointed member: no action was taken over this. Analysis of the data was made by allocating items to broad groupings and comparing the frequency of the issues raised. Details of this are given in Chapter 5.

Memos from Region to College

Another source of evidence that demonstrates the way colleges were governed under the regional council is the memos sent from regional council to colleges within its auspices. A sample of memos from the regional council to colleges between January 1991 and June 1991 was therefore examined. This sample was chosen because, of the existing records, these were the most consistent in terms of continuous correspondence from the Region to the college.

Existing studies

Another source of data for this thesis comes from existing studies that have already been carried out into aspects of education in general and FE in particular. Some of these studies focus on research in one organisation or area and therefore there are problems with generalisability. However, the studies do give some indication of issues that have arisen and are useful as a springboard to test ideas, make comparisons, and draw contrasts with the case being researched in this study. These have been obtained through library and other search facilities and all have been published in professional journals or as government reports..

In relation to Further Education in Scotland and the process of reform, two significant studies carried out by established research organisations have been used as secondary sources. The first is the 'SOED/Study into the Operation of Further Education College Boards of Management' and was published in 1995 by Leishman. The second is a follow-up study 'Survey of Further Education Boards of Management' which was carried out by MVA Consultancy in 1997. These studies focused on the work of the new Boards of Management and aimed to ascertain their impact on the organisation and management of Further Education. The advantages of these studies is that they offer a Scottish-wide perspective on a crucial group of social actors within the reform process and also give an indication of how well incorporation had succeeded in meeting some of the aims and objectives of central government.

However, the studies were carried out for 'interested' parties - the Scottish Office and the Further Education sector - and must be viewed in this light. As with other secondary sources, key aspects may have been left out or may not have been asked for in the first place. The methodology differed in each study although the bulk of data was obtained through questionnaire and interview.

The first study 'SOED/Study into the Operation of Further Education College Boards of Management' was carried out in 1995 and used a variety of research methods. This included: focus groups to determine the issues; a postal survey of all colleges; and individual face-to-face and telephone interviews with a sample of board members from a range of colleges (Lieshman 1995). The second study 'Survey of Further Education Boards of Management' was carried out in 1997 by another research agency. This took the form of a postal survey involving all 46 colleges in Scotland. There was a good response rate on this survey - 53% from board members and 84% from college principals (MVA Consultancy 1997).

The main use of this data is to examine representation on the colleges Boards of Management and the interpretation of the process of reform and the working of the FE sector. This data is used at two levels.. At one level there is the interpretation given in the original research and at another level, I interpret or re-interpret the data further for the purposes of this study.

Observation

Observation as a research method has been used in many ways - simple observation, non-participant observation, participant observation, and so on. In some cases, the purpose of the observation and the role of the observer or participant observer may be known to those being observed but in other cases the purpose and presence of a researcher may be unknown or disclosed only to a few key people. Each type of observation has particular advantages and disadvantages ranging from observation of 'natural' behaviour to subjectivity and bias on the part of the researcher. However, the common aim of observation studies is that observations are systematic. Consistency is managed by deciding the areas, issues, behaviour to be observed in advance and observations are recorded. Methods are agreed before research commences to reduce bias and make analysis more manageable.

Observation does inform the data and analysis of this research. As a Senior Lecturer in the college used as the case study, I was at the college from the end of 1989 to the July 2001 and therefore have been part of, and party to, many of the changes and reforms that took place in the 80s and 90s. Senior Lecturers have a teaching role (15 hours per week) and manage a number of courses, staff, students and subjects. They are also responsible for devolved budgets and efficiency measures in terms of meeting student targets, class sizes and lecturer hours.

In the original research design, it was not the intention to use observation as a method and the observations made in this study are not of the systematic kind detailed above. However, as both a participant in, and observer of, Further Education, I am able to offer a view and interpretation of the processes discussed. For this reason I would prefer to see myself as a witness rather than as a formal observer where observation is used as a main method of generating data.

As with systematic observation, bias and subjectivity are a concern. However, I would argue that my contribution as an observer is that of a social actor who interprets the events in a particular way. Such observations are as valid as other witnesses to the reforms e.g. the people interviewed for this research. My participation in FE has also given me the advantage of in-depth knowledge and the ability to probe with particular questions, and I was able to use my own workplace and experience as a sounding board to test various ideas. One unexpected consequence of doing this research was the benefit to my work as a manager in Further Education as it uncovered processes and perspectives, which hitherto I had experienced but had not fully understood.

Analysis

The main type of data generated has been qualitative data. Rose (1982) notes that the qualitative researcher has to rely on aspects of data that are illustrative of the research and try to convince the reader that these illustrations are typical. However, this is done in the research report and the problem of how to analyse the data before it is written remains. In his discussion on the way in which field-notes are analysed and drawn out, Rose (1982) suggests that much preliminary analysis can be done whilst the research is being carried out. He also suggests that analysis should be cyclical with

‘.... repeated checking, which takes the form of combing through field notes and other data’ (Rose, 1982: 124)

and that

‘In brief, the process of data analysis is one of progressive refinement and revision of results until they are consistent with the data; this may seem simple enough in principle, but it is often laborious in practice since the data are complex and varied’ (Rose, 1982: 124).

although he does acknowledge that

‘it is difficult to decide when data analysis is to be regarded as complete’ (Rose, 1982: 125).

This broad approach has been used in the analysis of this data. All sources, primary and secondary have been ‘combed through’ a number of times. Some quantitative data is also presented in the form of tables. However, the quantitative data generated was not conducive to statistical analysis and is presented to illustrate particular processes that are supported by other data. It is not intended to demonstrate correlation or cause and effect.

Chapter 4: The reform of Further Education in Scotland

The reforms in the Further Education sector in Scotland took place in the wider context of changes in the public services and the move to enterprise forms, markets and devolved management took a particular form in Further Education - that of incorporation.

However, incorporation itself was only one part - albeit a significant one - of a *process* towards an independent Further Education sector and the shift towards greater local autonomy was the culmination of other trends that were taking place within shifting political and social contexts.

General context

From 1950 to the late 1970s, the consensus politics of post war Britain, although swinging between supply and demand side economics, was not overly concerned with state intervention nor was arm's length government a stated aim for any political administration. However from 1979, governance through 'freedom' and the objective of 'rolling back the state' became integral to specific policies. The influences of writers such as Hayek can be seen in the thinking of Margaret Thatcher and the Conservative Party and this, in turn, had a demonstrable effect on discourses, policies, and practices relating to public sector work, including education.

For example, from the late 1970s onward there was an evident shift in the discourse of education. The discourse of education in pre-Thatcherite Britain was concerned with notions of equality of opportunity and access to all levels of education. This was expressed in the commitment to comprehensive education; individual development of pupils and students; and the use of methods, which were child/student-centred. Education was also seen as a tool of change and the key to solving social problems.

However, this changed in the 80s and 90s and concern began to focus on 'employability' and the need to equip children and young people with skills and abilities to operate within a competitive world economy. All of these aspects became part of the discussions and debates within education and evidence of this can be found in many governmental publications of the past twenty years or so and in specific legislation, which supports these changes.

Early reforms

Changes in industry, commerce and political administrations have also had an effect on the way Further Education was governed and managed. In terms of political administrations, the shape of local authorities in Scotland changed significantly in the post-war era with a move from single tier authorities to two tier authorities - with the creation of Regional authorities in 1974 - and back to single tier authorities in 1996.

During the transition to self-governing status and in the process leading to incorporation, Further Education was the responsibility of the regional councils. This regional responsibility was mirrored at a more 'local' level and involved the college councils. The college councils were instituted through the *Local Government (Scotland) Act 1973* and although the College Councils bore particular responsibilities for the running of each college, their powers were limited and their members were largely drawn from the education sector or the college itself.

The 1980s saw central government's dissatisfaction with these College Councils particularly because they were considered to over-represent the education sector, and in 1989 the *Self Governing Schools, Etc. (Scotland) Act 1989* was brought forward. This sought to strengthen industry representation on College Councils in order to reflect the concerns of industry and commerce and to increase the involvement of colleges in meeting the needs of the labour market. The Act also conferred extended powers on

College Councils to enable them to conduct commercial activities such as selling courses to employers, and colleges could also set up companies. Previously this could be done by the regional education authority but this was now delegated to College Councils.

The 1989 Act reflected other concerns and objectives of the government of the day. One was the general concern with unemployment and the need for skills training for the young and long term unemployed. Another was the desire to reduce state intervention in the public services. Thus, the 1989 Act could be seen as part of the process which saw the steady erosion of a planned Further Education system to one which was controlled at arm's length and which was becoming increasingly market oriented.

The new councils comprised 20 members with at least half members being employers. The role of the new College Council was to be *strategic* not administrative, and powers were devolved from regional level in areas such as planning, finance, organisation, staffing, property and courses. New College Councils also had the power to determine staff complement, selection, conduct and appraisal but they could not terminate employment.

However, despite the devolvement of these powers, in 1990 the Local Enterprise Companies were established and became responsible for identifying and addressing local needs and Further Education colleges were expected to tender for training work commissioned by the LECs. For this reason the LECs were seen as having particular power because they had control over funds and they became increasingly important to college provision - although this did vary from college to college depending on the number and range of training contracts that were established between the LECs and specific colleges. These initiatives can be seen as attempts to move the locus of power from centralised regional authorities. They can also be seen part of wider attempts to curb the power of local authorities and to introduce devolved, arm's length government with a shift towards non-state agencies and quangos.

It would be a mistake, however, to see the importance of the LECs as simply a feature of the 80s and 90s. The relationship between the LECs and colleges of Further Education has continued into this century and the Blair government, in March 2000, announced a 9% increase in the FE, Enterprise and Lifelong Learning budget. The Local Enterprise Company network was also to be overhauled and together with Further Education they were expected to develop training in key areas and extend provision to the socially excluded.

However, the 1989 Act still left the responsibility for the distribution of funds between colleges to the regional authorities and they also retained control over the range of courses offered by individual colleges. In 1990, 80% of income in Further Education colleges was from local authority funding with other income coming from fees and charges - in the main this was from employers or training schemes.

Although this thesis seeks to explore changes from planned public service to market driven enterprises, Further Education has always had to fight for finances from a limited pool of resources. Under local government control, Further Education was considered alongside other priorities. Councils traditionally worked under a corporate structure where different departments competed for limited sources, with funding for Further Education coming from the education budget.

This did not radically change with the new College Councils. The regional education authorities still determined which college activities it was prepared to fund. The criteria used were student enrolment numbers and historical funding. It was suggested however, that education authorities might now set target unit costs to increase efficiency. Also, colleges now had freedom to run full cost courses or create companies although this was taken into account when funding was allocated.

So, every regional authority had to determine the sum of money required by each college before the beginning of the financial year and the amount allocated to each college council would be met from the authority's overall Further Education budget. Once allocated, the College Councils were accountable to the education authority for the proper expenditure of these funds and the efficient and effective financial administration of the college.

The move to incorporation

However, colleges had little time to assess the long-term effects of the 1989 Act and it may be more useful to view its significance as a precursor to the legislation that was to follow in 1992. During the time leading to incorporation, many of the government's objectives, motives and policies became clear in keynote speeches and documents of that time. In particular, there was an emphasis on improving efficiency within existing resources and devolved systems as the best way of achieving quality.

Another aspect of the government's agenda - that of curbing professional power and introducing performance incentives - can be seen in a letter from Ian Lang (the then Scottish Secretary) on the 12th November 1992 in which he set out the terms of public pay policy. For that year it was to be held between zero and 1.5%, and

'In subsequent years, pay increases will need to take account of what can be afforded. They should be no higher than justified at the time by the need to recruit, retain and motivate staff. We should lose the benefits of the policy if future pay settlements sought to compensate for the lower increases in the coming year. I also look to the Employers' Association to continue to pursue longer-term objectives in the light of this policy, notably the strengthening of the link between pay and performance'. (Lang, 1992).

And, just in case any college council had thoughts of exercising its newly devolved power in terms of non-compliance, he added that:

‘I shall hold back appropriate levels of grant from the Further Education colleges next year against the delivery of pay settlements between zero and 1.5% for staff employed in colleges’ (Lang, 1992).

Incorporation

As we have seen, Further Education has always worked within a changing political agenda but in 1992 Parliament passed the *Further and Higher Education (Scotland) Act 1992* that, arguably, has had the most significant impact on the management and governance of Further Education. It resulted in Further Education colleges being taken out of regional authority control and given similar powers to those granted to private companies.

From April 1993, Further Education colleges in Scotland became ‘incorporated’ and a Board of Management was appointed to each college to oversee its affairs. The Act removed Further Education, financially and operationally, from regional authority control by granting devolved power to Boards of Management appointed to oversee the running of each individual college. This, in turn, instigated a change in the governance of the Further Education sector. Under the new act, there was both central control and devolved responsibility. Central government’s role in Further Education was mediated via two main institutional agents: The Secretary of State for Scotland and Her Majesty’s Inspectors of Schools. Devolved responsibility was at college level and rested with the Board of Management.

The responsibility of central government, via the Secretary of State, was for the general provision of the Further Education in Scotland. This included: setting out the legislative framework within which Further Education operates; the general policy relating to Further Education in Scotland; recurrent funding through direct grants; capital grants for accommodation and equipment; funding support of Further Education e.g. through the

Scottish Further Education Unit; and awards to students undertaking Higher Education courses.

The other responsibility of government was via the HMI. Her Majesty's Inspector of Schools are a professional body which advises ministers, government and other agencies on matters relating to the public provision of education. One of their main functions is providing a national audit which involves assessing and reporting on the quality of education and training and their reports are made public. They are also responsible for new initiatives and developments within education. In relation to Further Education, they maintain a responsibility for inspection and reporting and this is carried out by a group within the HMI that specialises in Further Education.

All other responsibilities for Further Education were devolved to local colleges and one of the main components in the governance of the new Further Education sector was the setting up of Boards of Management. Each Board of Management is required to have 10 - 16 members and includes the college principal; an elected member of the teaching staff; an elected non-teaching staff member; a student nominated by the student body and a member of a LEC. The remaining members are nominated by interested parties and at least half the members of the boards have to have experience in commerce, industry or be practising in some profession. The board members are expected to meet 3-4 times in the year for a full board meeting and the same again for members serving on sub-committees. Under the 1992 Act, *powers* granted to the Boards of Management included: provision of facilities for Further Education to take place; charging fees; giving financial assistance to students; providing community education; the right to acquire and hold property; the right to enter into contracts, including employment; formation of companies; the right to borrow money (with consent from Secretary of State); budget and other resource allocation and use; control over the courses to be offered; and organisation of staff.

Their main role was envisaged as a *strategic* one rather than day-to-day administration, which is seen as the remit of the college principal and delegated staff. Included in this strategic role are a number of general functions such as: managing the college, its property, rights, liabilities and obligations; ensuring the college provides suitable Further Education in an efficient way; setting and charging fees for FE provision; borrowing money - with consent from the Secretary of State - and arranging security, indemnity, investing money and raising funds; promoting, forming or joining companies; agreeing development plans; allocating resources, including financial, to planned activities; monitoring, reviewing and reporting on the general performance of the college; and ensuring the plans set by the board are being achieved.

Many issues relating to the management of the FE sector were now left to the college Boards of Management. The *responsibilities* of the Boards include: the general management of the college with the available funds; producing a college development plan, including business and commercial activities; making decisions on which individual courses to offer; managing college resources including staff and property; the monitoring and implementation of objectives; deciding on the pattern of college organisation.

Boards of Management have, in turn, a number of key personnel to assist them in operationalising the strategies developed by the board. The nomenclature of the key personnel may vary between colleges but they will tend to include three groups of managers. The first are the senior academic managers who are responsible for groups of staff and resources (usually at Assistant Principal level). Then there are other academic managers (usually at senior lecturer level) who are responsible for groups of students and courses. Finally, there are the non-academic managers who are responsible for the organisation of central, support services.

With the 1992 Act, it was also envisaged that there would be a number of teams within colleges who would help the Principal in running the college. These include a senior

management team; a team to deal with the new system of delegated responsibilities including budgets and performance indicators; an Academic Council or Board of Studies; and a team that looks after college management information systems.

A Board of Management can also delegate duties to committees, to the Chair of the Board, or to the Principal of the college. This differs from college to college apart from the audit committee and the remuneration committee (to decide salary levels for the principal and senior staff), which are mandatory in each college. There are also some functions that must be *retained* by the Board of Management. One is the mission of the college and its educational characteristics. A second is monitoring and reviewing the college systems and procedures. A third is approval of the annual estimates of income and expenditure, ensuring the solvency of the college and safeguarding its assets. Finally, the board must retain the ability to appoint or dismiss the college principal.

In theory, board members could be held on a charge of negligence but it is made clear this seems very unlikely. Guidance is given to all Board of Management members to act in accordance with the legislation, not to take decisions if they cannot carry these out, not to operate if insolvent, to operate honestly and diligently and not to carry out actions that involve personal/self interest (this final point has been strengthened further through the Nolan committee's rules on public service.).

Many of these arrangements are still current today, although with devolved powers to the Scottish Parliament, the role of the Secretary of State in relation to education now falls to the Scottish Executive.

Effects of incorporation

The reforms within Further Education had a significant impact in terms of management, organisation and ethos. Two of the most significant features of incorporation were the

removal of elected regional authority councillors as the arbiter between central government and the providers, and the introduction of quasi-market principles to the governance and management of the emergent independent Further Education sector. In this way the implementation of *The Further and Higher Education (Scotland) Act 1992* has resulted in a *discernible* shift in the relationship between central government and the Further Education sector, particularly in terms of resource allocation and devolved responsibility.

Removal from local authority control also meant that central government had a new role to play in Further Education. Although devolved responsibility was a key feature of the new legislation, the Scottish Office (now the Scottish Executive) retains a high degree of control through strategic policy, funding and quality whilst devolved responsibility and accountability has passed to the new Boards of Management.

Many noticeable changes have been seen in all the colleges in Scotland. The decision-making process, and the organisation of that process, has gone hand in hand with devolved responsibility, devolved budgeting, and devolved quality control. Mission statements, increased emphasis on marketing, and the rising importance of performance indicators are other changing features of the incorporated Further Education sector.

In Further Education the specific objective of incorporation was to provide colleges with the freedom to innovate and to be responsive to the needs of their customers. This follows a similar pattern set in a range of other public sector services that have been forced to adopt competitive business strategies (Osborne and Gaebler, 1992). Thus factors such as marketisation and monetisation have become important features of college culture and ethos. Marketisation of 'products' became specialised in many colleges with the focus being on competing with other local providers for a pool of potential students and users. Monetisation was introduced in the form of SUMs - Student Unit of Measurement - which transforms students, courses and modules into units of monetary

value and these units have become the basis of funding, efficiency and effectiveness. Further evidence of the adoption of the market culture can be seen in the number of Business Development Units, Leisure Managers, Marketing Units, etc. that have mushroomed in many colleges and there has also been an increase in the formation of companies within colleges to 'sell' particular products and earn income for the college.

Incorporation also led to widespread restructuring within colleges. For some, restructuring has meant demotion with people fighting for jobs. For others this has meant contracting out as in the catering and cleaning services. In most colleges (but not all) large scale redundancies of permanent lecturing staff have been avoided but this has often been at the expense of a reduction in working conditions such as an increase in the working week, additional teaching hours, loss of privileges (time allowed for preparation outwith colleges), evening and weekend work, reduced contracts for part-time staff, and reduction in annual leave allocation. In the college used in this research, increased class contact and an increase in the working week followed soon after incorporation. Although there were no redundancies, early retirement packages were offered to a number of staff and the catering and cleaning services were put out to tender.

At the same time colleges have witnessed an increase in non-academic departments such as student services, finance, information systems, personnel, leisure, and quality. This has led to a rise in non-teaching personnel in both absolute terms and in the ratio of non-teaching to teaching staff. This has increased because, with incorporation, each college became an independent organisation and was required to set up a range of services to assist in the running of the organisation - hence each college now has its own accountant, personnel department, marketing officer, and so on. Before incorporation, these functions had been undertaken centrally by the relevant departments within the regional authorities.

Discussion of incorporation

Changes in Further Education need to be examined in the context of public sector reforms and I am particularly concerned with the application of the government's discourse of 'freedom' and the policies devised to control public services.

In relation to Further Education, the agenda of the 80s Conservative governments to transform public services using neo-liberal ideas and the market models was represented in early legislation such as the *Self Governing Schools, Etc. (Scotland) Act 1989*.

The 1989 legislation on new College Councils can be seen as a deliberate attempt to change *practices* in the governance and management of Further Education. This included the need to make colleges more responsive to the 'market' need of employers and industry and the desire to curb the power of professionals working within FE. It was hoped this would be achieved by bringing more employers and industrialists on to the college councils. Whether this was achieved and the impact of this legislation on the work of the new College Councils will be explored further in Chapter 5.

The government's attempt to establish a market in Further Education through the 1992 Act resulted in the Boards of Management being instituted under a similar legal arrangement to that governing private companies. However, Further Education was not strictly privatised and many features of its organisation retained their 'public service' image. Moreover, many aspects of the FE 'market' were imitative. In this way Further Education is best described as quasi-market and data introduced in Chapter 5, supports this. For example, in a study of the effectiveness of the new Boards of Management, Leishman (1995) concluded that the quasi-market features of the organisation of Further Education were also recognised by respondents from the private sector who acknowledged that their hands were tied because of issues of public accountability. At the same time, the data from Scottish Office communications demonstrates that colleges

were to become increasingly driven by financial considerations and performance indicators.

So, despite incorporation and the putative independence of the Further Education colleges, the characterisation of the Further Education sector following incorporation is best described as quasi-market. This is because there are elements that remain associated with the notion of 'the public' and others that are associated with market principles and systems. The ways in which Further Education, following incorporation, remains 'public' are: funding arrangements; central control; and provision of a key service. However, the factors which could lead us to characterise it as quasi-market include: devolved management; devolved funding; auditing; performance indicators; internal customers; and the ethos of the 'market'

This demonstrates the way the notion of 'freedom' has been used by central government. Ostensibly, the colleges were given devolved status thus fulfilling one of the main criteria of 'freedom' - non-interference by the state. It also demonstrates, however, the way in which central government was able to maintain control of Further Education without seeming to do so. Another way governments are able to exercise 'control from a distance' is through the use of non-state agencies such as quangos. Three examples of this form of control in relation to Further Education are the Boards of Management, the Local Enterprise Councils and the Scottish Further Education Funding Council (SFEFC), which is the largest quango in Scotland.

Until 1993, governance of Further Education was under local centralised control - in this instance the regional council. In the years before 'incorporation', despite legislation, the introduction of training boards and the setting up of the new College Councils, regional councils still retained a high degree of overall control. However with the introduction of the *Further and Higher Education (Scotland) Act 1992* political and social representation of Further Education was removed from regional authorities and instituted instead

through the Boards of Management. Clearly parliamentary democracy is still a feature of Scottish and UK society, however, Further Education is no longer responsible to a locally elected democracy. Although, the Boards of Management claim to be representative, the question is which constituency do they represent and in what way has this changed from representation under the local authority? This will be explored in Chapter 5.

The role of business/industry representatives on College Councils was also unclear. Although the stated objective was to make colleges more responsive to the needs of industry, the college councils were given little opportunity to demonstrate their adoption of neo-liberal, market-oriented policies as, before their work could be thoroughly evaluated, they were replaced by the Boards of Management. However, the change in composition and authority of College Councils instituted in the 1989 Act, can be seen as one early attempt to disaggregate power from the regional education authorities and locate it elsewhere - in this case with the colleges and central government.

Two aims of the public service reforms and the introduction of market principles were to give the 'customer' or 'user' more power in influencing the shape of these services and at the same time it was hoped to curb the power of the professionals who worked in the services. The latter aim was achieved by decoupling politics from expertise. However, this raises the question of whether democratic control, whatever its faults, was replaced by the vested interests of non-state agencies and whether one perceived imbalance (towards left wing, local and bureaucratic councils) was merely being replaced by another imbalance (towards non-state, market oriented interests), or is there any evidence that regional authorities had similar interests in business, employment and marketability? For instance, it would be wrong to say that central and local government before incorporation were totally at odds. Certainly some the aims of the New Right government did fit with regional authority aims. For example, employability and training people for work had always been concerns for councils such as Strathclyde Region and fitted well with their Social Strategy with its objective of improving social conditions for people in its

constituency. However, as we shall see in Chapter 5, there seems to be evidence to support the view that students, one of the main 'users' in FE did lose their political representation when incorporation occurred. For colleges, the outcome is more ambiguous. Political representation through local councillors ended with incorporation but the significance of this depends on whether representation via Boards of Management members can compensate for this political voice.

Issues and questions arising from review of the reforms of FE

As has been discussed in previous chapters, the case being made in this thesis is that Further Education exemplifies the processes that have affected the public services in the 1990s and into the new century. However, under the umbrella of 'public services', is Further Education the same as other public services such as the NHS and other educational providers such as universities and schools?

Randle and Brady (1997) suggest that, pre-incorporation, there was a public service ethic in terms of providing a quality educational experience for students but that this changed post incorporation. In particular, Randle and Brady (1997) argue that such features as professional autonomy, expertise, collegiality and student centred approaches have been replaced by a managerial focus on efficiency, market demand, control and surveillance. Although this has strong resonance with factors identified in other public services (Clarke et al, 1994; Gray and Jenkins, 1993; Hoggett, 1996; Kirkpatrick and Lucio, 1996; Newman and Clarke, 1994; Sayer, 1996; Walsh, 1997) some authors such as Perry (1998) argue that a major difficulty in Further Education is that it has failed to see itself as part of the trends in other public services but rather thinks that 'its griefs are private and its problems specific' (Perry, 1998:2).

So, what are the similarities and differences between Further Education and other public services? Even if we accept earlier arguments that an element of cohesiveness did exist in Further Education prior to incorporation, does this mean it can be compared directly to services such as the NHS or should a distinction be made between features that contribute to the cohesiveness of a sector and the nature of what makes it national - for example, standards of training, common professional training for personnel, nationally negotiated conditions, and core provision of service? All of these characteristics are part of services such as the NHS, Social Work and the school education sector - although the cohesiveness of these sectors should not be over-emphasised given that some have been

criticised for 'postcode' service and that local 'identities', such as hospitals and communities, are also a feature.

Two differences between the Further Education sector and other public services are the lack of a national pre-entry qualification and the professional status of lecturing staff. For example, many professions within the public service - Health, Social Work and school education - have lead bodies that set the standards for training and membership of particular professions. Thus, lead bodies such as the United Kingdom Central Council for Nursing and Midwifery, the Central Council for Education and Training in Social Work and the General Teaching Council provide a national identity for professionals and ensure that entry to the profession is based on a nationally recognised qualification. Although many Further Education lecturers hold professional qualifications, there is no unified system of training for lecturers - at least before entry to Further Education.

Whilst this is also true of Higher Education - with academic standing, research record and publication being more important than a professional qualification - the status of lecturing staff in Higher Education has always been higher than those working within Further Education. Despite many colleges delivering Higher Education in the form of HNCs and HNDs, Further Education lecturers have not acquired the status of university academics despite the aspirations of some staff within FE. In light of this, the absence of a pre-entry professional qualification may have contributed to the low status of Further Education lecturers and some difficulty in protecting whatever status they have.

As has been discussed in Chapter 2, another feature that diminishes any 'national' identity is the end to national bargaining (Scottish and English), which has resulted in an erosion of conditions of service for many staff and brought about inequity between regions and individual colleges. So, without the instrumental and number power of teachers and the status power of university lecturers, Further Education remains the 'Cinderella' service because of its low status within the pecking order of HE, FE and school education

However, despite these differences, there is one major area which does appear to point to a common experience across public service providers and which is the axis of this thesis - the introduction of the market philosophy and mechanisms to the public sector and changes in managerial structures and governance that have piggy-backed on the introduction of the market. Whilst a range of market mechanisms has been introduced to the public services - from tendering to internal markets - the discourse of markets and practice of managerialism have been persistent and pervasive. Examples of this include the internal market in the Health Service, the increase in managerial posts in all public services and the emphasise on the competency of managers rather than the expertise of professionals.

Some commentators such as Perry (1998) have suggested that this has resulted in untrained people managing the Further Education sector and that no other sector would consider allowing untrained people to run a service. However, this can be challenged on two counts. Whilst it is true that many teaching staff took on posts that were, by and large, managerial and for which they were not trained, it is also true that, post incorporation, the introduction of non-academic staff increased the number of non-teaching professionals within Further Education such as accountants, HR personnel, systems analysts, etc. Secondly, this was also the case for other sectors within the public services. For example, in the early years of NHS reform, doctors and nurses were expected to act as managers despite poor management training. So, for example, the Charge Nurse became the Ward Manager and took responsibility for budgets as well as clinical work. Consultants became Sector Managers or Chief Executives whilst still carrying out clinical duties. Although there is still a place for professional judgement and expertise the focus on managerialism in many public services has led to either a displacement of the power of professionals or a reworking of that professional power into a managerialised form.

Schools and universities have also been subject to the changes described above. Although the University sector initially experienced these changes at a slower rate, the seeds of change have been there for some time and appear to have accelerated in recent years. In their article 'The McUniversity: Organisation, Management and Academic Subjectivity', Parker and Jary (1995) suggest that market considerations had been flagged up as early as 1985 in the Jarratt Report on university management. This had suggested that executive control should be centralised and that academic and budgetary links should be made and devolved to the lowest level. Parker and Jary (1995) also suggest that the 'ideal type' 1990s universities have key features such as increased centralisation; managerial power; organisational growth; increase of student to staff ratio; emphasis on marketing and generation of business; and a rationalisation and computerisation of administration procedures. They do, however, point out that changes in the University sector are not even with differences between traditional and post '92 institutions. For example, they suggest that new universities may be more susceptible to state policy (because of dependence on funding) but have fewer assumptions about their role. Older universities may have more financial independence yet be more susceptible to traditional assumptions about what they do.

Moreover, the university sector, like other public sector organisations, has not experienced the 'free hand of the market' and governments continue to exercise control through various financial incentives and penalties relating to recruitment. So although funding is supposed to follow the student this does not happen automatically.

So, although there are some differences between Further Education and other public services, there are stronger elements of commonality which allow Further Education to be used to exemplify key processes that have impacted on the governance of public services within the United Kingdom. It is the exploration of these processes that provides the framework for the research evidence presented in the following chapters. This evidence seeks to address five key areas and issues.

First, is the extent to which the principles of the 'free market' espoused by central government post-1979 were shared by local government. As we shall see in Chapter 5, different publications of that time demonstrate that issues of equality and access for all were strong concerns for local government and which they considered could only be brought about through political intervention. Central government on the other hand considered market mechanisms as the best way to allocate resources even if this resulted in inequality.

Second, I examine representation and the introduction of non-state agencies as a way of overseeing provision. The lack of accountability of quangos has been one of the main criticisms of the introduction of quasi-markets, as is the degree to which members of a quango represent local interest. Therefore, the issue here is to explore the constituency of each quango or membership of that quango. In Chapter 5, this issue is addressed by reviewing the secondary evidence gained from the 1995 Leishman study and the 1997 MVA study which both explore representation in the years following incorporation.

Third, I examine funding and funding methodology as a specific technology used by government to retain central control of institutions to which power had been devolved. In particular, I will assess whether 'steers' are placed on colleges through the funding mechanism. Before 1993, funding was centrally administered via the Scottish Office to local authorities and thereafter to colleges. Under regional authority control, the allocation of funds tended to be historical and incremental. Moreover, each region retained the authority to allocate its own funds that resulted in discrepancies between colleges in different local authority regions. The funding mechanisms for Further Education, and arrangements for monitoring and auditing the use by colleges of devolved finances, has changed since incorporation. The list of responsibilities of central government under the 1992 Act, highlights the role of strategic policy making by central government, but funding and financial support for Further Education providers and users comprise four of the six responsibilities identified. Financial matters are, in turn, closely

related to funding methodology and performance indicators that are the basis for allocation of resources to the sector and individual colleges. So, although strategic planning is seen as a function of central government, the control of finance and the use of a variety of performance indicators (devised by central government) are two key ways in which the sector can be kept in check by central government. Funding as a technology is explored in Chapter 6 and the significance of funding methodology and allocation is assessed through the use of official documents, letters of guidance and interviews with the senior manager from the case study college and the representative from the Scottish Office Funding Division.

Fourth, I investigate other ‘technologies of government’ adopted in this period. For this research I examined four specific technologies: financial audits, quality audits, inspections and performance indicators. Technologies such as Performance indicators were introduced prior to incorporation but their use seemed to be half-hearted and they were slow to be implemented. As we shall see in Chapter 7, evidence from documents of that period, and from the interviews with the senior managers and HMI, show that Performance Indicators as a technology were not implemented to a degree where they had any significant impact on the organisation of the sector or of individual colleges. The data also shows that financial audits, quality audits and inspections have all become part of the landscape of the incorporated FE sector and I ask whether these have been put in place to support the work of FE or if they are a new form of control by central government.

Fifth, I assess whether the reforms *have* encouraged a rise in the ‘grey sciences’ and managerialism and the impact of these aspects on the form of organisation found in FE. Have the reforms met the objectives of introducing the ‘market’ or are we seeing new forms of organisation emerging in the Further Education sector. These questions will be addressed in Chapter 8.

Finally, in Chapter 8, I will argue that the forms of organisation that have emerged, although introduced through a particular political ideology, have been used by the present Labour government to achieve their own objectives and that one of the main criticisms of the newly incorporated Further Education sector - that of strategic drift - has in fact contributed to its survival in an uncertain world.

Chapter 5: Changes in governance and management

Changes in governance and management can be analysed by examining selected secondary sources of data that demonstrate some aspects of the governance and management of Further Education before and after incorporation and primary sources of data gathered from the in-depth interviews with key personnel.

The key issues that have been highlighted in previous chapters and which relate to the data below are: the scope and range of governance; the extent of democratic representation, direct and indirect control of Further Education; and the management of Further Education.

As we have seen in previous chapters, the control and management of Further Education has undergone several transformations. For the purposes of this study I will be examining some features of governance and management by looking at the Further Education sector in the pre-incorporation years when it was under regional council control; the interim move to incorporation when College Councils were revamped to provide more accountability; and the final move to incorporation with the institution of Boards of Management.

Data for the pre-incorporation years will focus on one regional authority and its governance of the Further Education sector between 1974 and 1993 (the year 'incorporation took place). In the first year of the region's existence the regional council's Further Education Sub Committee was appointed to oversee the running of the Further Education service in the region

To examine the interim move to College Councils, one college (then under auspices of the regional council) will be used as an in-depth case study. The college was established

in 1971 before the inception of the Region and details of the college have been given in Chapter 3.

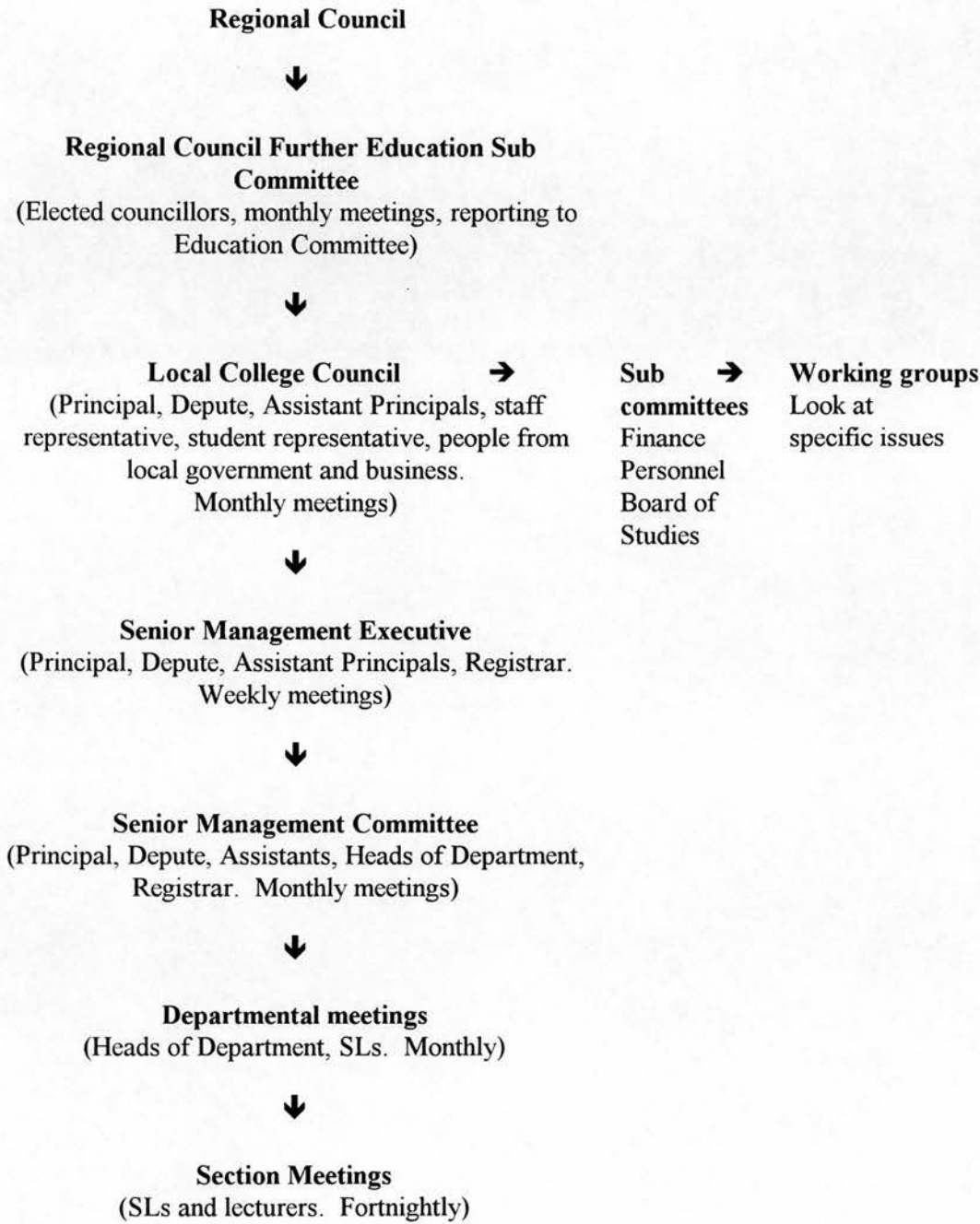
The move to incorporation will also be analysed from a Scottish-wide perspective by the use two existing Scottish Office surveys on the workings of the Boards of Management throughout a range of colleges.

These processes will then be examined from the point of view of some of the key players who were interviewed for the purposes of this research.

Pre-incorporation - Further Education under regional council control

In 1973, regional councils were instituted in Scotland and the responsibility for Further Education fell to the regional councils under their wider remit for education and community provision. The regional council's Further Education Sub-committee/College Council structure was common to all colleges, although each college had its own structures supporting the work of the College Council. However, although each college had different nomenclature for committees, most conformed to a similar model in Table 1 overleaf.

Table 1. Regional Further Education Sub-committee/College Council structure



This structure forms the basis of the exploration of issues of governance and management *before* incorporation. For the purposes of this research, this will include the examination of the minutes of the Regional Council's Further Education Sub-committee; the College Council minutes of the college used in this case study which operated under the auspices of the Regional Council; minutes of the other management committees from this college; and memos from the Region to the college.

Regional Council Further Education sub-committee

Samples of minutes from three decades of the Regional Council's Further Education Sub Committee were examined. The data was analysed by examining the types of issues that were directly related to Further Education and other types of issues that were considered by the Further Education sub-committee.

Matters relating to Further Education

In an attempt to identify trends and themes from the committee's discussions each item discussed has been allocated to one of nine broad groupings. For issues relating to Further Education these categories are: committee matters; property and funding; management; staff; courses and curriculum; quality issues; reports, papers and new legislation; projects and developments; and students matters. (Appendix 2 gives the full range of matters discussed at the sub-committees and shows the broad groupings to which each has been allocated).

Although some items could have fitted into one or more categories, allocation to particular categories was made on the main content of each matter and so each item was assigned once only. Some matters were easier to allocate than others. For example student exchanges and bursary appeals clearly belonged to the category 'student matters'. 'College property' and 'capital funding' were included in the same category because all

capital funding projects related to college property and therefore it was difficult to separate these. Others such as merging of colleges were more difficult and could have been assigned to either the category 'college property' or 'management of colleges'. However, because the main thrust of this item concerned property and funding if merger took place, the item was assigned to the former category.

Table 2/Figure 1, overleaf give the details of the range of matters directly related to Further Education, which were considered in the Further Education Sub-committees. The data gives an overview of the range of matters discussed after they had been grouped into ten broad categories.

Table 2. Range of FE matters discussed at FE sub committees for 3 sample decades and grouped into broad categories.

<i>Issues raised in relation to Further Education</i>	<i>1970s</i>	<i>1980s</i>	<i>1990s</i>
Committee matters	2	4	0
College property and issues for capital funding	10	17	11
Management of colleges	13	9	10
Projects and developments in FE	1	5	6
Practical considerations	4	1	2
Student matters	4	18	29
Staff issues	11	18	4
Courses and curriculum	6	7	6
Quality issues	0	1	4
Reports, papers and new legislation	0	4	13

Figure 1. The number of times each category was discussed in each 3-year sample for each decade 1970s, 1980s and 1990s



In terms of consistency of discussion and the number of times particular matters were represented in committee discussion, college property and capital funding, management of colleges, staff issues and courses and curriculum tended to have higher rates than other categories. However even within these four broad categories there were differences in each decade and for some issues, e.g. quality, student matters, the frequency of issues being raised was quite different in each decade.

For example, Table 2 and Figure 1 clearly demonstrate the way in which concerns changed over time with each decade reflecting different concerns. The 1980s sample, for instance, shows more emphasis on funding matters which would suggest increased concern with financial management, whereas management of colleges and staff issues declined which might lead us to conclude that some of these were being dealt with at college level.

On the other hand the increase in items related to legislation reflects the introduction of the *Self Governing Schools, Etc. (Scotland) Act 1989* and the *Higher and Further Education (Scotland) Act 1992*. The 1990s also saw a considerable rise in consideration of student matters which suggests that 'the user' was well represented and compares favourably with the relatively low profile of student matters in College Council discussions - see Table 4. Quality issues were also raised more often in the 1990s sample although course and curriculum issues remained steady. These differences could suggest that such matters were not being dealt with at local level or that it reflects the changing role of the Regional Council's Further Education Sub-Committee to that of 'scrutineer' rather than being concerned with direct operational matters.

One feature of the minutes of Further Education Sub Committee is that the meticulous nature of the management of Further Education under regional authority control can be demonstrated in the minutiae of matters considered by the committee (Appendix 2 gives a breakdown of individual items raised). For example, leave of absence for staff from

individual colleges had to be approved by committee members. Some of these requests were for minor periods of time 3 - 5 days. Other instances were student exchanges, the naming of buildings and refectory prices. This would suggest that for much of the time the Further Education Sub-Committee played a significant part in *operational* matters rather than confining itself to *strategic* matters.

On the other hand, it can be argued that matters considered were discussed in the context of the service as a whole and ensured equity throughout the system. Thus, in setting refectory prices the sub committee ensured that any Further Education student was subject to the same conditions. The same applies to course fees, bursaries, student associations, etc. Noticeably, there were also a substantial number of items relating to student matters, which would suggest that at least here was one forum where student interests were taken seriously. Moreover, the increase in the discussion of student matters in the 1990s sample suggests that because of some devolvment to local level, the region became the main forum for wider concerns that affected students from different institutions.

The Sub Committee also considered matters relating to the curriculum and quality of courses provided by colleges. During the 70s and 80s the provision of non-advanced courses in Further Education was determined centrally with centres being allocated particular courses. In this way one centre may have been chosen as the only institution allowed to run a course, or several centres may have been allowed to run a course. This was based on perceived need and a centre's particular speciality or resources.

For staff working in Further Education colleges this had clear benefits. Further Education staff were regional authority employees subject to rights and conditions of the employer. If a college did not offer a course that suited an employee's speciality they could move to another college. Thus they were protected from the vagaries of the market place and with it redundancy. Even with the new College Council structure, instituted in 1990,

staff complement and appointments could be decided by the College Council but they did not have the right to terminate employment.

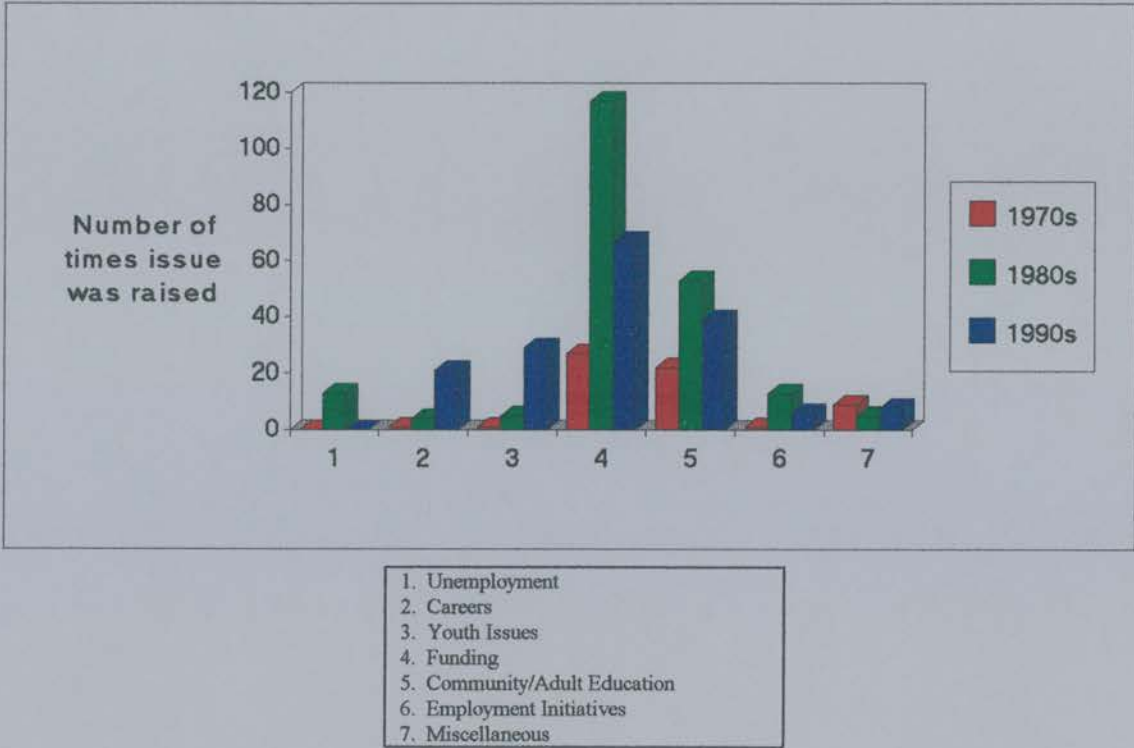
Matters not directly related to Further Education

Another significant feature of the Further Education sub-committee was its remit for matters not directly linked to the college sector. A trawl of the same sample of minutes indicates a whole range of issues raised that were not directly connected to the governance of colleges. Appendix 3 gives the full range of non-Further Education related matters and, as with the previous discussion, these have also been allocated to one of seven broad groupings. For issues *not directly* related to Further Education the broad categories are: unemployment; careers; youth issues; funding; Community Education and other adult education services; employment initiatives; and miscellaneous matters. Again, the allocation has been based on the main function of the matter raised and each matter has been allocated only once. Table 3/figure 2 shows the breakdown of the data on non-FE matters.

Table 3. Range of non-FE matters discussed at FE sub committees for 3 sample decades and grouped into broad categories.

<i>Range of other matters considered by sub-committee</i>	1970s	1980s	1990s
Unemployment	0	13	0
Careers	1	4	21
Youth issues	1	5	29
Funding	27	117	67
Community/adult education	22	53	39
Employment initiatives	1	13	6
Miscellaneous	9	5	8

Figure 2. The number of times each category was discussed in each 3-year sample for each decade 1970s, 1980s and 1990s.



In terms of the non-FE matters, we can see From Table 3/Figure 2 that the funding of voluntary organisations, urban aid, and building and maintenance were consistent features in the committee's business. Community education and other adult services were also significant in the number of times items related to these areas appeared on the agenda, with youth issues, employment initiatives, and career service items following close behind.

Table 2/Figure 3 also demonstrate how concerns fluctuated and changed. In the 1980s sample, unemployment, employment initiatives, funding and community education items were all raised significantly more than in the other two decades. For example, the 1982 minutes indicates a concern with *general* unemployment statistics but from 1990 onwards the emphasis is on *youth* unemployment statistics and youth labour market trends. Thus, the 1990s sample shows greater concern with careers, and youth issues that reflect the ongoing problem of youth unemployment and the focus on careers guidance as one solution (see Appendix 3 for a more detailed breakdown of issues discussed).

If we compare the tables and graphs for FE related matters and non-FE related matters, we can see that whilst the number of items considered in relation to Further Education were extensive, the greatest number of items raised were not about the governance of colleges but related to non-FE matters.

However, it could be argued that Further Education benefited from the wide remit of the Further Education Sub-Committee because items related to Further Education were discussed at a forum where wider issues to do with community, employment, and so on were debated. This meant that Further Education and its governance was seen within wider and direct social and economic contexts and therefore decision making was carried out with these factors in mind.

Further evidence that an integrated approach was taken is given in the report *Strategy for Post Compulsory Education and Training (1981)*, which highlighted the need for coherence between Further Education, Community Education and the Careers Service. Two key aims in this report were that:

‘Further Education services should be designed to meet the needs of students and the needs of local communities in a local context as part of a network of education and training opportunities’ (SRC 2, 1981)

and

‘Further Education and community education services should be integrated into a network of opportunity using the most appropriate methods and systems to meet local needs’. (SRC 2, 1981)

There are also specific instances that support the view that Further Education was seen as important in the context of wider social and economic factors. For example, in the minutes of 23/4/91 and the report of 8/4/91, concern was expressed regarding the proposals to remove Further Education from regional authority control and the effect this might have on the council’s social strategy. This would suggest that Further Education was seen as integral to other elements of council policy.

There is also evidence that the Regional Council was responding to the need of individuals and communities. A council report *The Further Education College Service: The Basis for Future Provision* made recommendations that Further Education opportunities should be designed to meet the need of all students and the local community, and opportunities should be available to all adults who wished to participate. It states that:

‘Further Education opportunities should be available to all adult who wish to participate and the service should actively encourage all adults to avail themselves of the resources of the service by various means including provision at times, places and in forms suited to the needs of the individual’. (SRC 1, 1989)

However, at the same time as the Regional Council was debating the ‘what should be’ in Further Education, council policy also had practical concerns and had to take into account the need for marketing products and the constraints and needs of industry. In *The Further Education College Service: The Basis for Future Provision* (1981) the council addressed the need to be responsive to the development and changing needs of industry and the need for Further Education to play a full part in the development of new training schemes and vocational programmes for the unemployed.

Two principles highlighted in this report were that:

‘Further Education services should be responsive to the development and changing needs of industry and commerce, to develop their techniques, technology and the skills of their employees’ (SRC 1, 1981: 3).

and

‘Further Education services should play a full part in the changing nature of training, playing a full part in the development of new training systems, traineeship, unified vocation preparation and programmes for the unemployed’ (SRC 1, 1981: 3.)

Moreover, the council was bound by *The Self Governing Schools, Etc. (Scotland) Act 1989* that ensured greater industry representation on College Councils. However, as we shall see from the data on the new College Councils, it is doubtful whether this had any major effect on the governance of Further Education.

By 1991 the notion of marketing had also penetrated the council's strategy for Further Education, which resulted in a marketing initiative known as 'Fast Forward with FE'. Although this was a briefing document and its impact difficult to ascertain, it is evidence that local authorities were beginning to reflect on practices in other sectors where marketing had become a prominent feature of organisations and institutions.

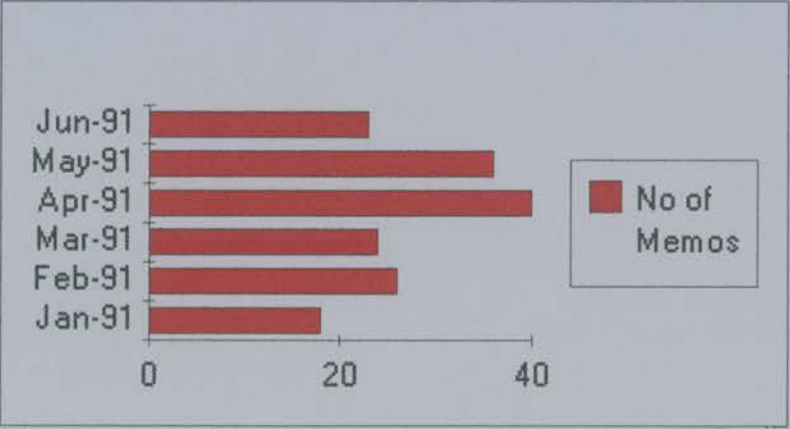
Memos from Region to College

Another source of evidence that demonstrates the way colleges were governed under the regional council is to examine the memos that were sent from Strathclyde Regional Council to colleges within its jurisdiction.

A sample of memos from the Regional Council to colleges between January 1991 and June 1991 was examined. This sample was chosen because, of the existing records, these were the most consistent in terms of continuous correspondence from the Region to the college.

Figure 3 below shows the number of memos sent each month during the period of the six-month sample. In total 167 memos were sent during this time.

Figure 3.



The range of items covered by the memos included: expenditure/budgets, staff issues, development planning, local collaborative programmes, demographic trends, surplus equipment, European funds, CMIS, refectory prices, health and safety, HMI reports, direct purchasing and equipment.

This reinforces the notion that the Region played a significant role in both strategic and operational matters before incorporation and is one indicator of the hierarchical and bureaucratic nature of governance of Further Education under local authority control.

Evaluation of governance through the public committee

In considering the public committee as one of the technologies of government it must be remembered that the matters/issues raised only give part of the picture. What about issues that were not raised and underlying bias? One example is that prior to incorporation, the Education sub-committee did raise concerns regarding accountability in the proposed system. However, this could also be interpreted as a concern on the part of council members to protect their own power base and the resources that were part of that base.

Moreover, although the establishment of public committees may indicate an open democratic system of governance this does not necessarily translate to the close scrutiny of behaviour within the organisations they sought to govern. As we have seen, one characteristic of pre-incorporation was the bureaucratic nature of governance with top-down control. Although, for some, the notion of bureaucratic efficiency based on rules and responsibilities is seen as an effective technology to control and govern, for others bureaucratic mechanisms only control part of what goes on in organisations and often it is only by circumventing rules and regulations that work at an operational level can be successful.

In this case it may be that although at one level the Further Education Sub-Committee appeared to offer democratic and accountable governance of work, at another level colleges might have been left to their own devices. One way of testing this is to examine the structures of governance at local level. In this instance, 'local' is being taken to indicate college level.

College Councils - interim structures between pre and post-incorporation

As Table 1 indicates, colleges were managed through the College Councils and also through a number of other management groups, sub committees, working groups and so on.

To try and ascertain the type of work and form of management carried out by College Councils, a sample of minutes from the college used in this case study have been examined. As indicated in the methodology section, samples were selected from minutes of the 'old' College Councils (instituted under the 1973 Act) and from the 'new' College Councils (instituted under the 1989 Act). In both cases, the college remained under the control of the Regional Council.

These samples were selected to allow a comparison between the 'old' College Council and 'new' College Council, which were an interim stage between pre- and post-incorporation. These two sets of data were also the most coherent of the minutes that were available.

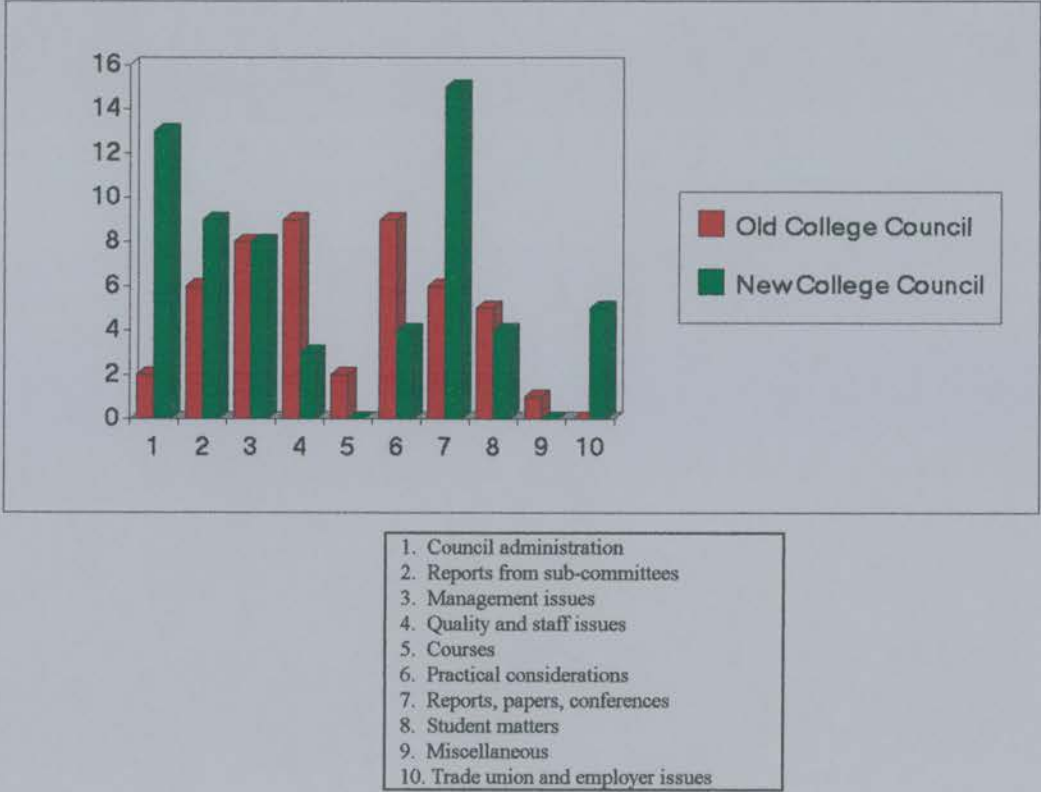
However, there were some problems with the data that was available. For example, there was poor recording of decisions, with many items simply noted. Moreover, some meetings from college committees had no record of who had attended, and there was one instance when a person attending a College Council meeting was not an appointed member: no action was taken over this.

The first set of data given in Table 4/Figure 4 looks at the number of times issues were raised under broad groupings. The groupings for this set of data are: council administration, sub-committee reports, management, quality and staffing, courses, practical considerations, reports and papers, student matters, miscellaneous, and trade union issues. Each item raised has been allocated only once to a particular category and a fuller breakdown of issues and assigned categories is given in Appendices 4 and 5. Table 4/Figure 4 overleaf also give a comparison of the frequency of issues raised in the 'old' and new College Councils.

Table 4. Issues raised in College Council meetings using sets of minutes from 8/89-10/90 and 10/90-6/92.

<i>Groupings of issues raised</i>	<i>June 1989 - October 1990</i>	<i>October 1990 - June 1992</i>
	<i>Old College Council</i>	<i>New College Council</i>
Council administration	2	13
Reports from sub-committees	6	9
Management issues	8	8
Quality and staff issues	9	3
Courses	2	0
Practical considerations	9	4
Reports, papers, conferences	6	15
Student matters	5	4
Miscellaneous	1	0
Trade union and employer issues	0	5
<i>Total number of items</i>	48	61

Figure 4. Comparison between old and new College Council meetings in terms of the frequency of issues raised, grouped under broad headings.



The data presented in Table 4/Figure 4 raises a number of points. Firstly, if we compare the types of issues raised at college level and regional level (see Table 2/Figure 1 and Appendix 2) the data would seem to indicate that there was repetition of issues at regional level and college level. Although matters at regional level were more wide ranging and varied than items raised at college level, quality issues, staff issues, course fees, reports and legislation were discussed at both the Further Education Sub-Committee and College Council meetings.

This is perhaps indicative of a 'belt and braces' approach where matters are covered at different levels of responsibility but it may also be an indicator of one of the *inefficiencies* of bureaucracies where each level of authority goes over similar ground. It also suggests a blurring between *strategic* and *operational* issues.

If we compare the issues raised in the old and new College Council meetings, the figures in Table 4 indicate that the new College Council tabled more items concerned with College Council administration. However, this appears to have been because of the setting up of the new council - standing orders, election of members, and so on, and if these items were removed there would have been greater parity between the two sets of data in terms of the overall number of items dealt with by the committees.

The data also shows that there were similarities in the types of issues and items raised at 'old' and 'new' College Council meetings. For example, we can see from Table 4 that similar issues and matters were being raised despite the change in composition and appointment of council members. In the new College Council structure, some functions were devolved to sub committees within the college e.g. General Purpose, Staffing, and Board of Studies, but many of these were continuations of existing forums with only changes to names and members.

There were also many similarities in the agendas for both old and new councils, with both featuring reports from sub-committees, academic/ development plans, management information systems, enrolments, results analysis, quality visits, the college calendar, parking, new reports and legislation, and reports/issues from the Student Representative Council. (Appendix 4 and 5 give a more detailed breakdown of the individual items that were tabled and their frequency).

However, although there were similarities in the matters considered by the 'old' and 'new' College Councils, the 'new' College Councils were beginning to show evidence of taking a more direct role in governance of colleges. For example, before 1990 requests for leave of absence for staff had to go before the sub-committee. In the 1970s sample there were two requests, in the 1980s sample there were eleven requests. Under the 1989 Act this responsibility was devolved to the College Council. This may suggest that such decisions were being taken at local level as these no longer appeared on sub-committee minutes but did appear on council minutes.

Another significant difference was that in the 'new' College Council meetings one issue tackled was management restructuring. This demonstrates the autonomy of the college in drawing up its own structure. Interestingly, at the same time, other items from the unions challenging or asking for further consultation on this matter also appeared. This was not evident in 'old' College Council minutes. This would suggest that the college was beginning to exercise its rights under devolved power, but may also have left staff feeling exposed with this change to governance of the colleges.

Although the new College Council system was intended to make colleges more responsive to business and commercial concerns there was no real evidence of this from the minutes. One suggestion was that the Student Representative Council should produce a business plan but other than this it was unclear whether the inclusion of more employers had any effect in making colleges more responsive to business needs.

Senior Management Executive and Senior Management Committee

As seen in Table 1, the work of the College Council was supported in the management of colleges through other devolved structures. Within the college being used as a case study, this comprised the Senior Management Executive Committee and the Senior Management Committee, and although different colleges used different nomenclature for these committees most had similar committees to oversee the operational work within colleges.

To examine the types of issues and items dealt with by these committees a sample of minutes was studied. For the Senior Management Executive and Senior Management Committee, a sample of the minutes for each committee was obtained from one college between August 1990 and December 1991. This was the most coherent set of data that was available. These were also the only set of minutes available that matched each other for a substantial period of time.

Appendix 6 gives a full breakdown of issues raised and their frequency of discussion. Table 5 overleaf indicates the range of matters discussed by the Senior Management Executive and the Senior Management Committee and which were raised more than 3 times in the sample. Tables 6a and 6b, on the subsequent pages, detail matters that were discussed at one group but not by the other.

Table 5. Matters raised more that three times by Senior Management Executive and the Senior Management Committee.

<i>Issues raised more than 3 times.</i>	<i>Greatest first Executive</i>	<i>Comparison Committee</i>
Student hours	26	3
Bursaries/awards/funds/fees	17	4
Income/funding/budgets/costs	14	5
Staff development and training	12	10
Course Issues	12	0
Reports	11	0
Quality issues	10	0
Enrolments	9	1
Schools/TVEI	8	0
Industrial links	8	4
ESF/European links	7	2
CMIS	7	1
Management training issues	7	8
IT issues	6	2
Health and Safety	6	0
FEMIR returns	6	1
Marketing	6	3
Development plan	5	11
Evening class	5	4
College restructure	5	4
Staffing issues	5	4
APL	4	0
Crèche	4	0
Summer cover	4	0
Learning support	4	0

<i>Issues raised more than 3 times.</i>	<i>Greatest first Committee</i>	<i>Comparison Executive</i>
Development plan	11	5
Staff development and training	10	12
Management training issues	8	7
Income/funding/budgets/costs	5	14
Bursaries/awards/funds/fees	4	17
Industrial links	4	8
Evening classes	4	5
College restructure	4	5
Staffing issues	4	5

Table 6a. Matters raised at Committee but not at Executive.

<i>Issues raised at Committee but not at Executive</i>	<i>Committee</i>	<i>Executive</i>
Planning control and curriculum	2	0
Requisitions	2	0
Evening class staff	2	0
Stolen items	2	0
Stores	1	0
SCOTVEC	1	0
Industrial action	1	0
Teaching environments	1	0
Names of departments	1	0
Visit by staff	1	0
Industrial liaison	1	0
Code of conduct	1	0
Strathclyde Region's logo	1	0

Table 6b. Matters raised at Executive but not at Committee.

<i>Issues raised at Executive but not at Committee</i>	<i>Executive</i>	<i>Committee</i>
Course issues	12	0
Reports	11	0
Quality issues	10	0
Schools/TVEI	8	0
Health and safety	6	0
APL	4	0
Crèche	4	0
Summer cover	4	0
Performance indicators	3	0
Advertising for staff	3	0
College Council	3	0
Guidance/Gateway	2	0
Photocopiers for library	2	0
Management structure and review	2	0
Library text books	2	0
Complaints	2	0
Community education	2	0
HOD appointments	2	0
Staff interviews	2	0
Central purchasing	1	0
College company	1	0
Assessment centre	1	0
HMI report	1	0
Summer vacation statistics	1	0
Defalcation policy	1	0
Car allowance	1	0
Age discrimination	1	0
Teaching staff figures	1	0
Open learning	1	0
College security	1	0
EIS reps	1	0
Ethnic minorities unit	1	0
Principal's mail	1	0
Councillor's visit	1	0

From Table 5, we can see that student hours, bursaries, fees, funding, staff development, courses and quality were raised most often at the Senior Management Executive with ESF, health and safety, marketing, staffing, and restructuring less so. On the Senior Management Committee the development plan, staff training, and management training, were the most significant items with funding, bursaries, college restructure and staffing issues next. We can also see from this table that there was a repetition of many issues discussed at each level. Moreover, these were issues that had also been raised at both Regional Further Education Sub-committee and College Council level.

However, from Tables 6a and 6b we can see that there were a number of issues raised at Committee but not raised at the Executive, and a greater number raised at Executive but not raised at Committee. Course issues, quality issues, reports, schools, and health and safety were raised at the Executive but not at the Committee. This may suggest that the Executive and Committee were playing out their roles of strategic management (Executive) and operational management (Committee). This view is supported by some of the operational matters considered at Committee but not at Executive meetings, e.g. stores, teaching environments, requisitions, and so on.

Sub-committees

Sub-committees were also support mechanisms for the management of colleges at a local level. Members were drawn from existing College Council members to deal with specific issues in more detail.

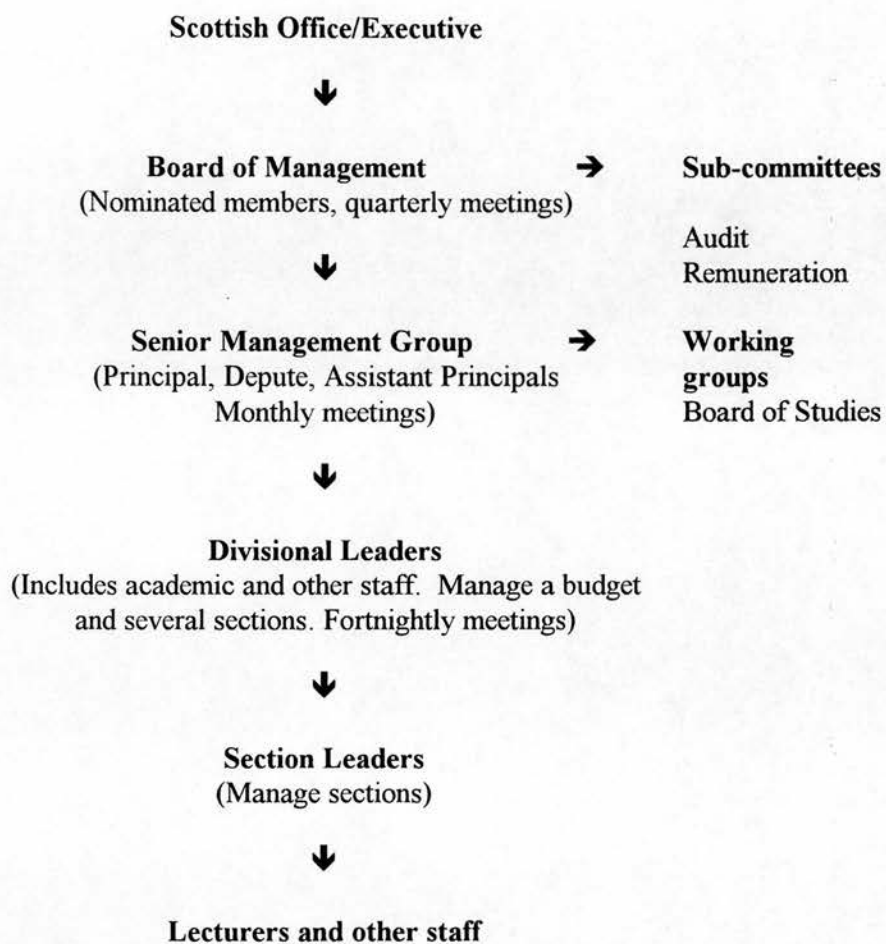
To ascertain the work of the sub-committees, a sample of minutes from 3 sub committees in the college. These were from the Finance and General Purposes Sub-committee; Personnel Sub-committee; and the Board of Studies. These minutes are from the period 1991 and 1992. A full set of minutes was not available and therefore the sample is based on 3 sets of minutes from each sub-committee.

Appendix 7 details the main items discussed in these sub-committees. From the minutes examined, one feature that was clear was the element of overlap between items raised at the sub-committees and those raised at the College Council. For example, the Board of Studies in considering industrial liaison, enrolments, in-course survey, evening classes, a SCOTVEC visit, and the Scottish Wider Access Programme, tended to re-examine issues raised at College Council level. The Personnel Sub-committee looked at such items as: code of conduct, transfer of staff, college environment, disciplinary procedure, and staff appraisal. Again all of these issues had been raised at College Council level. Given that the College Councils did direct the work of the sub-committees perhaps some element of overlap was inevitable although it does tend to indicate a high degree of bureaucratic management. The Finance and General Purposes Sub-committee was the only sub-committee that seemed to examine issues not prominent in College Council discussions e.g. budget allocation, commercial activities, virement, payroll printouts, minibuses, early retirement.

Post-incorporation: the role of the Boards of Management

The 1992 *Further And Higher Education (Scotland) Act*, changed the structure of colleges and their relationship to central government. The Act laid out broad guidelines for the way colleges would be structured and Table 7 overleaf gives an outline of a structure found in many Further Education colleges. It is based on the structure found in the college used in this research and, although nomenclature may differ from college to college, it is typical of many colleges in Scotland.

Table 7. A typical structure of a college post-incorporation.



The Boards of Management were set up in an attempt to make colleges more market oriented and improve links with industry and commerce. In a system of devolved authority they were also there to give strategic direction to the Principal and staff within a college and to ensure the provision of Further Education in the local community.

To examine the impact of the Boards of Management on the organisation and management of Further Education, two major studies carried out in 1995 and 1997 will be reviewed. This data has the advantage of giving a Scottish-wide perspective on the operation of the boards in the first few years following incorporation.

Leishman Management report

In 1995, Leishman Management Consulting (part of Profiles Research International & Consulting Groups Limited) carried out a study for the SOED into the operation of the new Boards of Management, which had then been in place for 2 years. The methodology involved focus groups with 2 colleges, face-to-face interviews with board members from 9 colleges, and 345 postal questionnaires with college board members from across Scotland.

The report's main objective was to:

‘ evaluate workings of boards in relation to the objectives of incorporation through an examination of working practices’ (Leishman, 1995:1)

The research looked at many aspects of the work of the newly appointed Boards of Management but the three main components examined here will be: the composition of Boards and sub committees; the role of Board and how individuals represented particular interests; and general features and conclusions. These areas have been selected as they allow a comparison with other forms of management and governance.

In terms of occupation, although the board members did come from a range of occupational backgrounds, the main groupings (apart from principals) were managers, directors, managing directors and chief executives. Table 8 below details the main groupings.

Table 8. Main groupings of members in Boards of Management

<i>Occupation</i>	<i>Number</i>
Manager	38
Principal	33
Retired	29
Managing Director	25
Director	20
Lecturer	14
Chief Executive/Manager	13
Chartered Accountant	9
Technician	8
Student	8

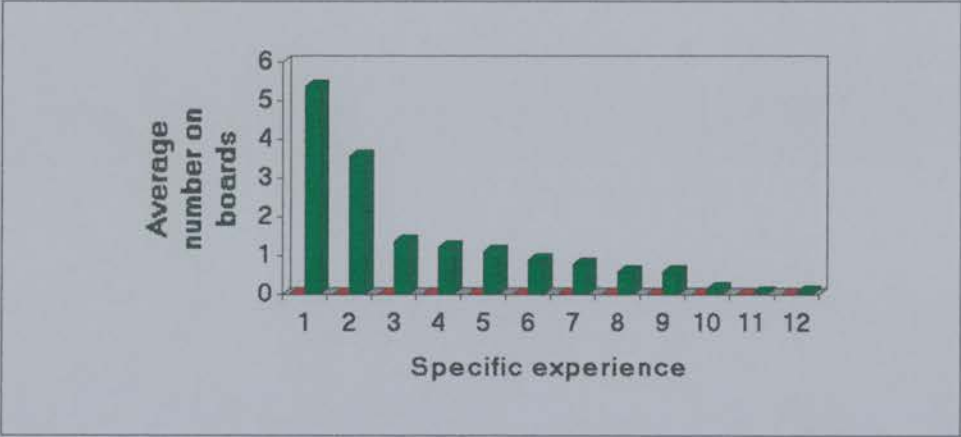
In terms of age, representation on the boards came from a narrow age range. The average age of board members was between 50 - 54 with only 8% being 30 - 39 and less than 2% were younger than 30. This meant that young people were not well represented on boards.

One main requirement of the *Further And Higher Education (Scotland) Act 1992* was that at least one half of board members appointed should have experience of industry, commerce, employment matters, or a profession. This was seen as a way of making colleges more responsive to the needs of business, industry and commerce. Table 9/Figure 5 overleaf show the typical board composition.

Table 9. Typical board composition.

<i>Specific experience</i>	<i>Average number per board</i>
Industry	5.37
Commerce	3.56
Non FE academic institutions	1.37
Community organisation	1.22
Accounting	1.11
Local council	0.89
Education authority	0.78
Law	0.59
Property	0.59
Arts organisation	0.15
Medical	0.04
Personnel	0.07

Figure 5.



1. Industry
2. Commerce
3. Non FE institutions
4. Community organisation
5. Accounting
6. Local council
7. Education authority
8. Law
9. Property
10. Arts organisations
11. Medical
12. Personnel

As we can see, industry and commerce have the highest representation with a lower proportion of academic and community representatives, and local government and professional representation being even lower.

From the sample studied, Boards of Management also had a range of sub committees to assist them in their planning and in overseeing the implementation of strategy. These sub committees included the following: Chairman's, Development, Strategic planning, Finance, Property, Personnel/Human Resources, Audit, Fund raising, Remuneration, Staffing, Student services, Course provision, Contracts, Promotions, Academic Board, Health and Safety, and Quality. This would suggest that some Boards were trying to make a clear distinction between operational and strategic roles, however, further evidence from this study would suggest the role of the board was not clear in all cases.

The intention behind the 1992 legislation was that the role of the board should be similar to that of the board of a company. In the legislation it was stated that 'The board should determine the strategic direction for the college'. In the Leishman study, although two thirds of respondents felt this strategic role was clear, a significant majority - one third - found they were unclear or uncertain about their strategic role. This significant minority was found in small (less than 3000 students) or medium (3000-7000 students) sized colleges. Moreover, the research still found a small number of colleges where board members were expected to be involved in operational matters.

The report also examined the part each representative group (e.g. private sector, academic) played in the functions of the Board of Management e.g. finance, health and safety, marketing. Taking the three most significant parts played by any one group, the report suggests the following interpretation of the figures:

- The private sector's main contribution was in 'finance and accounting matters, property management which is mainly finance related and in their ability to critically review college strategy.'
- Academic staff's most significant contribution was in 'health and safety, human resource management and in their ability to review college strategy'
- Non-academic staff's main contribution was in 'health and safety and then in human resource management and almost equally in property and finance and accounts'.
- LECs representatives had no lead contribution but their main strengths were to 'critically review college strategy, their ability to leverage finance and in finance and accounts'.
- Student representatives' role were mainly in 'health and safety, followed to a lesser extent by their ability to assist in fund-raising and to critically review college strategy. Their most significant role is however in providing the board with a link to young people'.
- Local government representatives were involved in 'reviewing college strategy finance and accounts and their ability to leverage financial aid'.

This survey also examined how each representative group linked with other bodies and agencies. Private sector representatives had the greatest links with local employers, with academic staff and LEC's representatives. Links to the local community were greatest with community and local government representatives. Students and academic staff had

the greatest links with young people, and academic staff had links with schools and higher education establishments.

When asked if Boards of Management were doing the job intentioned in the legislation, 66% of respondents felt that the board did exert an influence over college management. However, 31% were either uncertain or agreed that the Principal or other college staff tended to exert too much influence over board decisions. This figure fell slightly at sub committee level.

These responses from board members appear to suggest that at least some respondents were unhappy with the level of power still exercised by professionals within the organisation and that this needed to be curbed. As we shall see below and in the following chapters, solutions to this, such as increased financial controls and creeping managerialism, have been significant features of the incorporated college sector.

Board members also felt that their role was constrained by external factors. For example, many board members who came from the private sector thought that, although the responsibilities set out in the 1992 Act appeared very similar to those of the board of a company (constituted under the Companies Acts), the perceived constraints placed around college boards arising from public accountability meant that they were unsure of just how much authority they had.

Boards of Management links with Local Enterprise Companies also varied widely. The quality of the relationship depended on the position of the individual board member in the LEC's organisation. If the board member had a junior position in the LEC's hierarchy then they had little decision-making authority in the LEC therefore found it difficult to contribute to the boards' considerations in relation to LECs.

In their conclusion the researchers felt that, on the whole, board members believe incorporation had beneficial effect in terms of governance and management of Further Education colleges in Scotland.

They also noted that the style of operation was quite different from that which existed in colleges when they came under the auspices of regional council education departments. Some respondents suggested that, in some cases, college managers had not yet come to terms with the scale of the changes and the demands of the new environment. It seemed that, where this was believed to be the case, it was associated with the situations where the college had not recruited specific management specialists to 'executive' posts where they would have the authority to carry out their specialist roles without having to refer to senior academics.

However, the conclusion that Boards of Management have beneficial effects on governance and management is a view which has been gathered by self interested parties i.e. board members themselves. Whilst the data gives a general sense of some of the structures in place, and the processes that occurred, post-incorporation, it leaves many questions unanswered such as how decisions were made within the board.

MVA Consultancy report

Two years after the initial study into Boards of Management, a further study was carried out by MVA Consultancy on behalf of the Scottish Office. The report from this study was produced in September 1997.

This study was partly initiated by the report from the Nolan Committee which had included examination of appointments to the governing bodies of universities and colleges and which made recommendations that appointments should be made on basis of merit. This involved all aspects of the appointment process, job specifications, advertising,

nominations, nomination committees, defined terms of appointment and no automatic reappointment.

So, a major part of the remit of the MVA study was to look at the Boards of Management in relation to the Nolan Committee's recommendations on openness. Included in this were aspects such as: roles and responsibilities, college expectations, recruitment and retention of board members, the skills of board members and whether colleges were directed by the board. The remit also involved an examination of how well the Boards of Management were operating and the extent to which they were involved in strategic planning as well as operational issues.

The MVA review was a self-reporting study compiled from findings of a postal survey of Board Members, Chairs of Boards and Principals. 44 colleges took part in the study and the response rate was high with 84% of Principals, 61% of Chairs and 53% of Board Members participating in the survey.

In relation to the Nolan Committee's recommendations, slightly less than half the colleges had a publicly available written policy on appointment; just over half had person/skill profiles; and only 64% had a formal appointment procedure.

The Chairs had been recruited through four main routes. One-third had been recruited through Trade Unions or public bodies; one-quarter had been approached by an existing board member; another quarter had been nominated by the Secretary of State; and the remaining sixth had been recruited through personal contact, word of mouth, or had been members of the College Council prior to incorporation.

The recruitment of board members fell into two broad categories. Recruitment of board members from the private sector tended to be through the recommendation from existing board members although business networks were also used. A similar picture emerges

for other groups with academic and community staff similarly recruited through existing board members or internal advertising.

The composition of boards is also interesting with a definite trend in terms of gender and age. Table 10 below shows that males were predominantly recruited to the position of chair and also made up the bulk of board members

Table 10. Composition of Boards by gender.

	Males	Females
Chairs of Boards	92%	8%
Board members	81%	19%

This perhaps reflects gender distribution in the senior management positions and the difficult hours for board members - generally in the evening and no crèche facilities. Other reasons for such imbalance may include: self-recruitment to positions of authority; the way people are recommended through business networks; and perceptions of the role.

Age distribution shows 45% of Chairs were over sixty years of age. In board membership the age profile was younger with 75% under sixty years of age. This perhaps reflects the ability of retired people to devote more time to that demanded of Chairs. It also demonstrates that, as with the Leishman study, the representation of young people on the Boards of Management was poor.

The survey also looked at the areas of expertise from which members where recruited. Table 11 overleaf details the breakdown of these figures. However, the response rate for this was 53% so this may be reflected in some of the figures below, e.g. student representation showing only 2%.

Table 11. Areas of expertise of Board members.

Area	Percentage of Board members
Private industry	39%
Private commerce	13%
Community	12%
Local government	12%
Non-academic	8%
Academic	8%
Student	2%

These figures appear to demonstrate that, in terms of bringing in the interests of business and industry, the Boards of Management had been successful in recruiting people from these sectors with 52% of members coming from private industry or commerce. At the same time we can see that the representation of college staff, academic and non-academic, was low at only 8% and 8% respectively. This is interesting given that in the 1995 study over a third of respondents had felt college staff still had too much influence.

Although sub-committees were seen as a way of supporting the work of the Boards of Management, the number and types of sub-committees varied between colleges. As we can see from Table 12 overleaf, all colleges had an Audit Committee but this 100% rate is because this was a requirement of the Scottish Office. Other than this the figures vary but, significantly, less than half had a strategic planning committee, which is perhaps surprising given that this was one of the stated functions of the boards, and only one college had a committee to look at legal matters.

Table 12. Percentage of colleges with sub-committees.

Sub committee	Percentage of colleges with committee
Audit	100
Finance	92
Human Resources	85
Remuneration	84
Chairman	72
Estate Management	67
Nominations/Search	61
Development/Strategic Planning	48
Legal	5

Perceptions of changes, processes and transitions from interviewees

The main account of the influence and scope of the authority of the regions and their governance of FE comes from the interview with one of the senior managers from the college used in this study who had first hand experience of the working of the regional council. His views are supported or contrasted with those given by the representative from the Scottish Office and the representative from Her Majesty’s Inspectorate.

The political influence and the way it represented the broad interests of its constituents and its employees was commented on by the senior manager. Power and influence although centralised in terms of the region as a whole, was local in the sense of its importance to particular colleges and in terms of the actual representatives who were locally elected councillors.

Thus, on commenting on the power of local councillors, the senior manager felt that

‘the councillors were quite powerful in their own areas’.

Local councillors would make representation to the region on behalf of a college. For example,

‘if a college had insufficient money and you had a local councillor on the College Council they would make representation that would get to the Education Sub-committee’.

It was an added advantage if a local regional councillor could also be on the College Council as

‘It was important to have somebody on the College Council who had political clout. More so than today’.

However, the interviewee pointed out that the benefits from political ties were not even and that under the regional council system there were winners and losers. Some colleges gained more than others e.g. better equipment, management centres, and so on. This had something to do with the place of Further Education in the education service generally, but was also related to the region within which the college was located. Thus the needs of Further Education had to be balanced with the demands from other interested parties e.g. primary and secondary schools. Given that primary and secondary education is mandatory then these would often be given priority in terms of resources. The location of the region was also important because some regions had a higher level of rate collection and therefore budgets varied from region to region.

In terms of responsiveness to the needs of the community for courses, the senior manager felt this was mixed. Asked about how the region made decision on which courses to run he said this was often because colleges showed initiative and made suggestions on what should run. However,

‘There was no centralised market research system. But the Depute Director of Education often had a pretty good understanding of what the needs of education were and had a close contact with Principals and met with Principals probably on a monthly basis. So you would get feedback when he visited them, and he would attend a lot of conferences, meet industrialists so he tended to have an overview. I would argue that in a way we don’t have an equivalent person at the moment that is dealing directly with the colleges.’

He did point out however, that for those working in the education system there were often anomalies.

‘You might see, for instance, let’s say they gave the computing courses to ***** and ***** and people in the south side like ***** and ***** might not get them because they felt they had met them on a regional basis rather than a local basis. But in general they were aware of that and tried to respond to it. I’m sure if you had spoken to someone who was an education officer at that time that is what they would say was happening. They looked at the regional demand for courses and situated them strategically.’

In terms of hierarchy and bureaucracy, the senior manager felt that the systems operating at that time were designed to give the information that was required to the region rather than ‘enable the college to manage its own needs’. In this way colleges were getting the by-products of the regions’ systems which were difficult to adapt. And even at that stage control was perceived to be the motivation. In his words

‘They were really looking for something to control the colleges.’

and

‘I was a local authority employee. So if they said to me, you don’t go further than me I would have to go to the Assistant Director of Education and I would speak to an Assistant Director and Principals would only speak to a Director of Education. There was much more of a hierarchy.’

However, despite this, the interviewee felt there were advantages in being under regional control. In one way the colleges were like ‘subsidiary companies’ but at another level the focus was on educational aspects and more resources went on the educational aspect. For example, managers were concerned with educational aspects and did not have to worry about such things as negotiation with unions, legislation or balancing the books. In terms of staffing the region had complete control of staff in the sense that staff were not college employees but regional council employees. In principle, staff could move

between colleges although this did not happen very often. Moreover, everyone was on the same conditions of service and although individual colleges could appoint staff they were really appointing employees of the Regional Council and that was made clear to everyone involved.

In theory this meant less work because under the region many tasks were centralised and although the speed of response varied, the benefits were clear to the interviewee:

‘Let’s summarise the benefits of being under Council control. The benefits that you didn’t have to pay wages yourself. That was all paid. You didn’t have to engage lawyers to represent you. Legal services were supplied by the region. You didn’t have to have your estates. Finance, personnel, all of those sort of things were covered by the Region. So, when we look at the structure of the budget of before and after it is completely different. We would have one line on the budget which was our share of those central resources.’

According to the interviewee this did change with incorporation. Not only did colleges change their structure with the introduction of Boards of Management but

‘It was simply a different way of running the thing.’

The policy objectives behind incorporation and changes since that time are reflected clearly in the views of the senior manager and the representative from the Scottish Office. Commenting on the political agenda behind incorporation, the senior manager said

‘that’s been the agenda all the way through. There has been a basic assumption that we are inefficient. That was right through from the Thatcher era. Private industry was efficient, public sector inefficient therefore let’s make them more efficient, let’s make them live more in the real world. The real world is that you live in a competitive environment.’

The Scottish Office representative concurred with this view. He suggested that the focus on efficiency and effectiveness had been introduced by Mrs Thatcher and this had been

carried on by the Major administration. However, he felt this was not confined to either Further Education or the public sector. Change had been across the board and the public sector was following trends seen in the private sector. He pointed to the increasing use of management consultants such as PricewaterhouseCoopers and KPMG who were brought in to find ways of making organisations more efficient and effective. The implication being that things could be done better in all sectors.

However, the fluid nature of the political agenda, the way this changes, and the current relevance of market principles and competition was highlighted by the Scottish Office representative. The election of the Labour administration had an effect on the political agenda and specific policy objectives in relation to Further Education. For example, there had been a change of emphasis from competition to co-operation and collaboration. Although the 1997 administration were not opposed to competition and wanted it to continue, they were against unbridled competition. Prior to incorporation, colleges were there to service local communities but there was less competition between colleges when they were under regional control and they were more distinguishable from the Higher Education Institutions. However, since incorporation, some competition had been unnecessary because the effect of introducing competition has been a race for colleges to enrol more students in order to receive more money. This approach has therefore been questioned and the aim was to work out the areas in which competition was healthy and the areas where co-operation makes more sense - something that could only come from experience. For this reason, he suggested, colleges should be co-operating where it was appropriate and competing where that was in the best interests of the user.

The interviewee was also keen to point out that this was not merely a perception but was backed by policy documents. The policy of increased competition was formalised in the *Further and Higher Education (Scotland) Act 1992* and its aim was to ensure colleges were trying to service local communities and those further afield. The more recent policy detailed in the Strategic Framework ('Opportunities for Everyone') indicated a clear

change of direction raised the question of how important competition is in a period of co-operation and collaboration.

This Scottish Office representative was also keen to stress the central role of Further Education in the government's policy on lifelong learning. Ministers saw colleges at the crossroads of Scottish industry and Scottish education and considered them crucial to major projects such as Scottish University for Industry, the University for the Highlands and Islands, New Deal, and curriculum developments such as Higher Still. Colleges also functioned as gateways for school pupils on the route to Higher Education and all these aspects related to two major policy initiatives - widening access and increasing participation.

As a result of incorporation the colleges also became limited companies - albeit with charitable status. This was probably one of the main challenges for colleges and resulted in many changes. For example, college Principals were now suddenly Accounting Officers and Chief Executives in charge of staffing, transfer of assets, property management, structured projects, capital projects, and managing the budgets. Prior to that, they had been lecturers responsible for running an academic institution. Colleges were no longer merely academic institution, they were businesses. This meant a change in culture and was accompanied by other changes such as funding methodology and a drive towards increasing numbers.

This view was one that was supported by the senior manager. In his analysis of the change in culture he commented

'Yes, it takes your whole attention away from the academic. I've hardly anytime to spend with academic people since I came here. As HOD most of my time was taken with students I taught. When I came to this college, I've been taken away from it completely. When I came here. Mr. ***** was concerned about finance. I picked up finance, I picked up the cross college roles. Things like the library, staff development and all those sort of things. Since incorporation ***** came a year after it and I picked up Health and

Safety. So, I really not had much tie up with the academic side of it. I've always felt a stage removed. It is surprising how you can get out of step with it.'

and

'So really I'm saying as an organisation you're not concentrating on the academic to the extent you were. The top management have got a wider perspective now than they had before. We've got to manage a company, before we were just managing an educational outpost. I think that is the main difference.'

And this view extended to the way senior managers related to staff and the way distance had been created between different levels of the organisation. Discussing recent pay negotiations, for instance, he said

'We've not really fallen out. It's more a business culture. I think creating more distance between senior management. I don't think you can feel the same about us when we are doing those sort of things. We can always blame someone else if it is done at national level. We can say - we thought you guys should have got 4.5% it's hard work. On the other hand, if it is done nationally we may have to pay 3% and we could only afford 1% as a college, then you can go to the wall. So we are doing you no favours in the long term.'

This interviewee also drew parallels with other educational establishment. Pointing to his experience as a board member of a local primary school he related the difficulties the Head Teacher had managing a budget of £2000. He noted that whether a budget is £2000 or £12 million, at the end of the day the Head Teacher or Principal could lose their job for mismanaging the budget and the experience of each was that more and more time was being spent on such matters.

Other disadvantages of incorporation can be seen in aspects such as Health and Safety. Under the region, colleges had to implement policy but they are now expected to be pro-active. Moreover, if there was a major disaster, there would be no guarantee that the

Scottish Executive would bale out colleges. According to the senior manager, the scenario could arise where those working in colleges could be:

‘the employees of a bankrupt company.’

However, this interviewee did acknowledge many advantages of incorporation. He noted that:

‘We are independent institutions here and can make decisions much more quickly.’

and

‘I think it is a speedier response and the ability to relate to the local conditions.’

One example he gave related to building work. In the past a college would have had to wait until the region could provide architects and builders. In the current situation a college can put the work out to tender and get the cheapest firm to do the work immediately. This has clear benefits for the college.

The issue of whether incorporation and introduction of the Boards of Management met some of the government’s objectives was discussed with the senior manager.

Commenting on the whether the Board of Management had increased the links with industry the senior manager felt that that they were socially representative of the community but not of industry and commerce. This meant they had a perception of social strategy but lacked an economic perspective. He pointed out that the college used in the research had no industrialist on the board. He also noted that the existing board or a sub-committee of the board chooses the people who will sit on the Board of Management. This tends to lead to self-perpetuation and as the senior manager pointed out:

'It's like a cartoon. You've probably seen a cartoon of four businessmen, bald all look alike in suits and stripe shirts and someone looks precisely the same. They say 'we rather like the look of you'. So I would say it is that type of situation we are dealing with.'

This was a problem that was also acknowledged by the representative from the Scottish Office. He said that in response to the MVA consultancy report on the workings of the Boards of Management and in light of the Nolan recommendations on the standards in public life for non-departmental spending bodies and local spending bodies, the new labour administration were examining ways of strengthening a number of practices. Although central authorities were not empowered to directly intervene, they could recommend that bodies adopt system that were transparent and open e.g. recruitment policy and whistle blowing. Thus college were being urged to adopt the best practice as identified in the report and to address any gaps that were found. One of the main gaps that emerged from the MVA report was the membership of the Boards of Management. Designed to recruit people with expertise from industry there was still a lack of representation in areas such as marketing and law. It was also felt that training and induction was not as good as it could be and colleges were being encouraged to improve in those areas.

The interviewee said that, in this way, the central authorities were simply setting out the areas for good practice although there had been some calls to make many of these aspects mandatory. However, in response to reports of alleged mismanagement and gaps in skill levels within Boards of Management the government of that time planned to look at the management of colleges. This did reflect that there was some concern about how the colleges were being managed. The new Further Education Funding Council was to take any findings on board and part of their remit would be to look at effectiveness and efficiency and find ways of improving this through their funding strategy.

The senior manager, who was not a member of the board of management, also had a particular view of the work of the board. He said that the board devised strategies and it was up to the Senior Management Group (comprising the Principal, Depute Principal, and Assistant Principals) to implement the strategies and policies of the board. The boards had no operational responsibility and they were really there to advise the SMG how they were expected to perform or identify what they cannot do. Each operational decision was not checked by the boards: they were not looking at the detail but at broad policy objectives.

One of the broad objectives of government in introducing Boards of Management was to try and increase the responsiveness of colleges to industry and commerce and make them more market oriented. However, views on this differed. In the interview with the HMI, the interviewee thought that, because of financial pressures, colleges were much more market aware than they used to be. He commented that in his contact with colleges, they seemed to know whom they were trying to serve, what was working, what was not working and where waste and problems lay. He also felt that because of the drive to increase numbers, colleges had been forced to explore all sorts of improbable markets. So, before incorporation, the big markets were well served across the country but the minority markets sometimes were overlooked. He said that this had changed in recent years and colleges were constantly on the lookout for markets whatever they may be. One example he gave was the 'market' for nursery nurses where the numbers for these courses used to be artificially restricted. Although these were always very popular courses they had not been perceived as being one of the traditional markets of Further Education and therefore only a few colleges offered these courses. Since incorporation, market forces had come to bear and there had been an explosion in child-care and education. He felt this reflected what the market wanted because there were plenty of jobs for these people.

However, on commenting on Further Education's links with industry and response to market forces, the senior manager gave a different view. In his view this area was still a 'big weakness' for colleges although the picture differed from college to college and between departments within colleges. It was envisaged that the Board of Management would assist with these links but this did not seem to have happened - perhaps as a result of a lack of expertise in certain areas. In the view of this interviewee, the weakness in market orientation was there prior to incorporation and has continued despite incorporation.

Perceptions of the central role of government in the process of incorporation and the transition to being 'independent' were fairly consistent among three interviewees - the senior manager, the HMI and the Scottish Office representative.

The HMI felt his role had changed because, pre-incorporation, many aspects of inspection were undertaken by the regional authorities, e.g. the management of colleges. However, under the new legislation, that had changed and HMIs had to consider everything that happened at local level. He pointed out that this did not mean that everything was evaluated, it wasn't, but HMIs had to consider many aspects of college operations which previously were not in their jurisdiction. So, for example, post-incorporation, HMIs had to take into account a college's grant-in-aid in order to put it in the national context - is it an average college, a large college, a small college - whereas in the past, no reference would have been made to this aspect.

The HMI also observed that with incorporation the final responsibility for operational decisions lay with the colleges. He felt colleges were much more aware that they had to deliver good quality education and training and it was up to colleges whether that happened or not. This had led to college management being more aware of what they were trying to do: they were much more aware of cost, and the opportunity cost, of their decisions. He gave a concrete example to support his point. - financial management. In

the past few years, unit costs had plummeted: dropping somewhere between twenty-five and thirty percent across the country which he considered to be an astonishing achievement. The HMI also believed that this was not at the cost of quality and he said he was confident that quality had upheld and there was no evidence that efficiency had been at the cost of quality.

The role of the HMI is one factor the senior manager highlighted as an aspect of devolved authority ‘within limits’. He said that the HMI devised the quality elements that colleges must operate within. Colleges had no choice in this and had to co-operate and implement recommendations. So,

‘we don’t have any freedom not to do it if they tell us to do it.’

This meant that although colleges had more authority in some ways, in others there were constraints being placed on them. They were also required to do many things for the Scottish Office (now the Scottish Executive) e.g. development plans and estate strategies. And the effects on the work of people within the college was clear. As this interviewee pointed out

‘We’ve got returns to send in to the Scottish Office. You probably find that as a senior lecturer, if you are away from here for two or three days your priority does not become the student. Thus, the priority becomes the return that is late for the Scottish Office. Compared to where we were, yes we’ve got more immediate freedom but we are still really governed a lot by the finance at the end of the day.’

The senior manager also felt there were a number of other difficulties with central control. One difficulty was that the Scottish Office/Executive was not just one sector so there was often a problem getting the right person to deal with any queries and sometimes it was difficult getting an answer at all. He felt that this might be because they often depend on committees to make decision and so some things are not properly planned out.

He also felt there were inconsistencies in messages emanating from the Scottish Office/Executive. He gave the example of the policy of paying small companies speedily as part of good business practice. Although this was a centralised policy, the Scottish Office/Executive themselves took up to three months to pass a claim. The senior manager said that the Scottish Office used the excuse of being understaffed but still expected colleges to pay their accounts even if they did not have sufficient money to do so.

The control and monitoring by central government was seen in a different light by the Scottish Office representative. He acknowledged that the more that was demanded of colleges, the more complex monitoring became. This leads to more systems being put in place and this may lead to increase in bureaucracy - although that was not the intention. However, if colleges were asked to do more, they were given money to do so, and that money had to be accounted for. So, in his view, monitoring and control was not really a problem because it is a matter of public responsibility and accountability. Given the amount of money that was allocated to Further Education it would be unacceptable to give it out without any controls. The department would be remiss if it did not monitor the colleges but the interviewee admitted that with the move to competition and devolved responsibility increased monitoring did seem to be taking place.

Also because a significant amount of money was going to Further Education, the Scottish Office representative said the department had a responsibility for ensuring that good standards were being upheld and that colleges were complying fully with the 1992 *Further and Higher Education (Scotland) Act*. This included the provision of education and the constitution of the Boards of Management. Guidance was also given to Principals and what they were expected to do. In this way the policies and their implementation was a concern of central government and those working for the Scottish Office/Executive had a duty to ensure objectives were met and assess their impact on colleges. The interviewee denied any direct intervention in operational matters within

colleges but said that rather information was communicated through a variety of groups and committees.

The views of the senior manager would seem to concur to some extent with this view. He said, for instance that:

‘The bottom line on that is that you can more or less shape your entire organisation to meet your organisational goal, etc.’

and

‘In general, I feel it does give us the ability to set our own sort of ethos and objectives in determining where we are going’.

He gave the example of colleges being able to determine their own identity and image. Previously, colleges were simply part of a regional structure and people may not have been able to distinguish one college from another. However, incorporation had meant that colleges could rename themselves, change their logos, promote distinctive characteristics, and so on. If they had sufficient finances, they could make decisions about the building, or car parking, which would have been impossible under regional authority.

However, despite this autonomy, the senior manager placed Further Education quite firmly within the public service ethos. This was because the largest portion of income still came from the Scottish Office/Executive. He said that other sources still needed to be found but this was always difficult. He also felt that colleges had to be careful not to subsidise local business by running courses out of the public purse and colleges had to be careful to get their pricing policy right in relation to local business.

Discussion and conclusions on governance and management

From the minutes of meetings, studies, interviews and other documentation we can begin to see something of how governance and management of Further Education began to change in the lead up to, and after, incorporation. In particular we can see how ideas about changes in governance, efficiency, and commercial interests were being introduced and were reflecting the wider ideologies and political concerns of that time.

One example of this was the institution of the 'new' College Councils and their role as a forerunner to the changes that were to come in the *Further and Higher Education (Scotland) Act* 1992. Given that incorporation built on many of the principles laid out in the Act for 'new' College Councils, it must be asked whether this was indeed a precursor of the Board of Management with only the names changed, and funding requests, nominations, reports and development plans submitted to the Scottish Office instead of the Education Authorities.

In the pre-incorporation period, colleges were managed and governed through hierarchical central control and this was found at every level. There is little evidence that there was any two-way communication between levels - except perhaps the sub-committees of the College Councils - and most communications seem to be in a top-down direction. This would suggest that management through information and directives were the dominant modes before incorporation. The data also indicates an increased level of reporting at every level but only in a few instances (as with College Councils deciding to restructure college management) does it demonstrate that colleges were taking devolvment seriously.

We may also conclude from the data that the Further Education colleges were managed through hierarchical and bureaucratic structures, and for much of their existence prior to

incorporation this followed the typical U form hierarchical model described by Williamson (1975). As he points out, this type of structure can be highly inefficient for large organisations. The introduction of the new College Councils may have been an attempt to encourage colleges towards M form models which are flatter structures based on departments co-operating horizontally rather than hierarchically. However, from this set of data, this was not achieved prior to incorporation. Committee structures in this instance appear to have been used as management tools for controlling and disseminating information but control did appear to remain at the centre for much of the time.

The organisational changes after incorporation suggest that structures within colleges were flatter than they were under regional control but evidence from the interviewees seem to suggest that there was still a high degree of bureaucracy and complex information exchange post-incorporation. We will see further evidence of this in the following chapter.

Democracy, power and governance

It could be argued that one positive feature of the Further Education service under the auspices of the regional authorities was its democratic accountability and control. Further Education Sub-Committee members were elected representatives and meetings were open to the public apart from specific instances when the public were asked to leave. These instances mainly concerned individual appeals against bursary decisions or when Further Education staff were appealing against disciplinary decisions.

On the other hand, it must be acknowledged that regional authorities had a great deal of power and that powerful interests will be represented even in democratic institutions. This can be seen in the time before incorporation when regional authorities raised concerns regarding the loss of public accountability but also voiced concern about loss of budget control, staff and, for large regions that contained as many as 21 colleges in their

jurisdiction, there were implications for central services such as personnel and pay departments. So, although public committees are designed to serve the public they may also be serving their own vested interests.

What can also be argued, however, is that both the introduction of the 'new' College Councils and the subsequent institution of the Boards of Management were clear moves towards quangoisation in Further Education and this reflects the experience of other public services.

The new College Councils were quangos with members being appointed by the education authorities. In the subsequent *Further and Higher Education (Scotland) Act 1992* the quango system was also used to appoint members of the Board of Management but this time the appointments were made by the Secretary of State and the Scottish Office. As with the introduction of the LECs, these moves can be seen as an attempt to disaggregate power from the centre, and their effects may have been to shift the locus of power rather than introduce a more plural mode of government.

In particular these changes within Further Education must be considered in light of developments in other public services and of the political influences of the time which sought to diminish the power of local government whilst increasing central control and promoting arm's length government.

These emergent properties seen dimly in the years before incorporation were to become dominant technologies in the post-incorporation era. These technologies include funding, financial and quality audits, PIs and increased managerialism and it is to these aspects we now turn.

Chapter 6: Funding, funding methodology and financial control

When the Further and Higher Education (Scotland) Act 1992 removed Further Education, financially and operationally, from regional authority control by granting devolved power to Boards of Management, central government had a new role to play in education. In particular, the then Secretary of State for Scotland (now devolved to the Scottish Executive) had overall responsibility for the provision of the Further Education service in Scotland. This included:

- setting out the legislative framework within which Further Education operates
- general policy relating to further education in Scotland
- recurrent funding through direct grants
- capital grants for accommodation and equipment
- funding support of Further Education e.g. through the Scottish Further Education Unit
- awards to students undertaking Higher Education courses (changed in 1998).

This list of responsibilities highlights the strategic role of policy making of central government, but four of the six key responsibilities all relate to funding and financial support for Further Education providers and users. This would suggest that although devolved responsibility was a key feature of the new legislation, the Scottish Office retained a high degree of control through strategic policy and control over funding.

Strategic planning is only one function of central government, and the control of finance and the allocation of funds are two significant ways in which the sector can be monitored and, if necessary, kept in check by central government. Grant-in aid funding and funding methodology have been, and remain, the basis for the allocation of resources to the sector

and individual colleges. They may also have another function - that of 'steering' colleges towards particular behaviours that help to meet government's strategic objectives. If this is the case, then the autonomy of what is supposed to be an independent college sector is less clear-cut than in a private company.

Issues relating to funding and resource allocation are not new within Further Education. Even under the auspices of the regional authorities, funding had always been a concern for colleges. However, since incorporation funding has taken on increased significance within the Further Education sector.

New ways of calculating and allocating funds in the education sector have been introduced, discarded, refined and developed by central government and by bodies such as the Scottish Funding Councils¹⁰, which have been given devolved authority for the dispensation of funds on behalf of the central government. Ostensibly private businesses, colleges continue to need central funding to survive but the relationship between funding allocation and college management has now become complex, with funding methodologies having direct and indirect consequences in both strategic and operational terms.

One of the most significant developments for all sectors of education in recent years has been the introduction of formula funding. Although this can take a variety of forms, within the education sector this is largely output based - where money follows the learner whether this be at school, college or university. However, the situation differs between sectors in that school attendance is compulsory whereas for colleges funding is based on recruitment - hence colleges have to compete to attract students to their particular institution. Universities also compete with each other and with Further Education to attract students to their institutions and courses but within the Higher Education sector

¹⁰ The Scottish Further Education Funding Council and the Scottish Higher Education Funding Council

there are differences between the experience of those universities (often post-1992 institutions)) whose survival is based on meeting Funding Council conditions to attract funding and those institutions that have other sources of income.

For Further Education in Scotland, the move to formula funding was met with mixed feelings by the sector and some of these reactions will be explored later in this chapter. Prior to incorporation, funding had been allocated on a historical basis whereby colleges received, more or less, what they had in the previous year with any adjustments agreed between college Principals and Directors of Education (of regional authorities). Under this model the basis for funding was input based with the money 'up-front' and colleges were allocated a set sum of money that they had to spend during the financial year.

Formula funding changed that situation with money following the student and in the initial introduction of this model in Scotland, the actual money received by colleges was time-lapsed so that colleges received funding allocation based on student recruitment two years prior to the financial year in question.

From the viewpoint of central government the aim of formula funding was clear. Formula funding would create a market for students. The 'market' was the supply and demand for particular courses within a college and this would dictate which colleges attracted the most students. The 'price' was set through Student Unit of Measurement and this SUM differed depending on which course was taken. For example, in terms of SUMs, an engineering student was worth more than a communication student because an engineering students was considered to need a higher input of staff and equipment.

Inequities arising from way the SUM is calculated has been a source of contention among Further Education staff since its introduction. Among lecturing staff it is seen as inequitable because it is felt that the calculation of the SUM does not reflect accurately the teaching and learning input in different areas. For example, although engineering

students may require a higher lecturer/lower student ratio because of practical elements of the course, the communication lecturer will spend more time on marking.

For those managing colleges, formula funding was criticised because in its initial development it was seen as a crude instrument and ignored factors in the management of colleges that were outwith the control of managers. For example, formula funding did not take into account the imperfections of the market such as location of college: colleges within areas of socio-economic disadvantage have difficulty with recruitment and retention because of a number of complex financial, personal and social reasons and although the Scottish Executive has provided money through particular initiatives on social inclusion these tend to be short-term measures and do not take into account the need for sustainability in the provision of Further Education by individual colleges.

It can be argued, however, that formula funding has been an effective way of introducing the notions of monetisation and marketisation to the Further Education sector through arm's length control and at the same time ensuring that colleges adopt efficient and effective practices. For example, by giving particular courses a heavier weighting than others it provides an incentive to a college to run and attract students to that course. Similarly, by capping student numbers for Higher National courses, colleges are forced to recruit students into other forms of study such as part-time, non-advanced and open learning hence helping to meet government objectives towards flexible and lifelong learning. Thus, seemingly hands-off governance is actually discretely interventionist.

In light of this, one concern of managers is the need to maximise the potential funding that is available and to spend it in a way that will gain the most benefit for the college from the funding that is available. For this reason, it would be expected that awareness of financial matters and the knowledge of the implications of funding formula would be important to the survival and development of a college.

A number of studies carried out in schools and Further Education in England provide some initial findings on the issues raised above and examine the impact of formula funding within the education sector and the way this has affected the management and staff practice within the institutions studied. In particular, the studies highlight the extent to which funding has placed steers on development of colleges, how it links with notions of efficiency and quality and the extent to which it is seen as important and relevant to staff working in colleges.

In an early study on the effects of incorporation and funding on English colleges, Bradley (1996) argued that control of finance was a significant factor in the governance and management of colleges. He found that incorporation had placed colleges in a 'finance driven context' but not in a free market because the government laid down strict rules on the allocation and spending of the money that was given. This meant that if funding was based on projected students numbers with bonuses for growth then a 'steer' had been placed on colleges through the methodology of the funding council because colleges would have to act in such a way as to meet the requirements of that funding.

Bradley (1996) suggested that the intended outcomes of the new funding methodology included aspects such as untying colleges from local government involvement; reducing differences between individual colleges whilst raising their competitiveness; and increasing efficiency in this public service.

However, there were also unintended consequences that brought difficulties to individual institutions in the sector and also to the sector as a whole. For example, some external factors such as a college's location resulted in disparity in the socio-economic status of colleges, making a general methodology insensitive to differences. Moreover, although growth occurred in individual organisations, this was achieved through 'poaching' other institutions thus the sector as a whole remained static. Bradley's conclusion was that funding had a fundamental effect upon colleges and that funding methodology would

‘steer’ colleges whether intended or unintended. So, although the funding methodology may have been designed to encourage efficiency, one effect was the distortion of provision.

In her study ‘Evaluating the Performance of Quasi Markets in Education’, Rosalind Levacic (1994) reviewed the reforms of education in schools in England. She was particularly interested in two main features of the English system - formula funding and monetisation and the way in which these related to quasi markets in education.

In terms of monetisation, Levacic (1994) explored the effect that delegated budgets had on schools and found that this had the effect of giving monetary value to inputs in the system. She also examined the effect of formula funding which was based on the price for educating a pupil and was therefore determined by output.

However, the effects of these two factors were mixed. On the one hand, Levacic (1994) found that there was a raised awareness of financial matters in schools and there was a more efficient use of resources. On the other hand, she found that it had no substantial impact on educational standards and that central control and monitoring remained strong.

Moreover, formula funding became a source of conflict because different interests groups wanted to have a formula that suited them. So, for example, it was in the interest of Head Teachers to have a formula that increased funding but it was in the interests of government to reduce these costs.

According to Levacic, this had the result of

‘Making the formula the focus of conflict between different interests: price in this quasi-market is therefore determined politically and not by the forces of supply and demand (Levacic, 1994:39)

As Levacic (1994) points out, the use of formula funding as a way of introducing market practices must be questioned given that 'price' i.e. the monetary value attached to a pupil was not set by the market but set politically by those who had the power to do so.

In a case study on funding maximisation in colleges four years after incorporation, Dean and Gray (1998) came to similar conclusions to that of Levacic (1994). The aim of the study was to ascertain the perceptions of teaching staff of the funding mechanisms that were in place and their understanding of the ways in which funding could be optimised for their college. Dean and Gray (1998) found that most teaching staff were generally aware of the relation of factors such as the number of student contact/teaching hours, full or part-time programmes, additional learning packages and the weighting of different subjects, to funding. For example, in the college studied, although the extent and precision of knowledge was mixed, staff had a basic awareness of financial matters such as a full-time student attracting a greater level of funding than a part-time student.

However, despite this awareness the study was inconclusive as to whether the knowledge and perception of the mechanism, which would optimise funding for the college, had a significant effect on the way tutors directed students in their choice of courses. For example, the study found that tutors considered student welfare to be of paramount importance and although they realised the need to maximise funding for the college, the strategies adopted did not wholly reflect the economic situation and other factors such as meeting the individual needs of the student influenced the advice given to potential students on course choice.

This would suggest, therefore, that although there is an increase in awareness of the way funding impacts on the work within colleges, this is by no means wholesale nor does it necessarily translate into changes in practice by teaching staff. However, given that colleges will be under mounting pressure to increase income and reduce costs it remains

to be seen whether staff in Further Education will be forced to take into account financial considerations in a more stringent manner.

Further studies have also demonstrated that whilst teaching staff may have had some level of 'luxury' in resisting decision making on purely economic factors, this may be less true for colleges as a whole and in particular for the managers who are responsible for the management and direction of a college.

Ainley and Bailey (1997) in their study of two colleges in England examined the views of senior managers and their perceptions of funding and funding methodology in relation to the development of colleges. On a positive note, they found that the Senior Management Teams in the colleges thought that the new corporate management and funding methodology had enabled the Senior Management Team to:

'Build on good and eliminate bad practice.' (Ainley and Bailey, 1997:52)

However, when they examined responses to formula funding Ainley and Bailey (1997) found a less rosy picture. From interviews with Assistant Principals on formula funding and in particular the Student Unit of Measurement, Ainley and Bailey (1997) found that in both colleges the complexity of working with SUMs was seen as problematic. This related to the difficulty in predicting projected numbers with any degree of accuracy which one interviewee described as an 'enormous and fearsome task' because formula funding meant money could be clawed back by the FEFC if target numbers were not met.

Ainley and Bailey (1997) concluded from their study that the role of the Further Education Funding Council was crucial and that:

'for all colleges the management of their available finances is the basis of their survival and development at the hands of the FEFC' (Ainley and Bailey, 1997:43)

Another study of fourteen colleges in England by Lucas et al (1999) also highlighted some of the negative aspects relating to funding and funding methodologies. In particular, the onerous nature of administrative work brought about by new funding methodologies and the necessity for data collection to ensure accountability to funding bodies was highlighted. The requirements made by the Funding Council for data was seen as a burden and some questioned its usefulness and considered that audit data was given more importance than education.

In the same study, Lucas et al (1999), also examined the impact of new funding methodology on such things as staff workload, part-time staff, class size, access, retention and collaboration. The study showed that although they found some positive aspects such as an increase in efficiency this had to be offset by reports of rising demands made on full-time staff and additional use of part-time staff. They also found that there was a tension between widening access initiatives and the need to improve retention and achievement. Moreover, the lack of clarity over funding methodology and policy about growth was also reported with a seeming disparity between 'chasing units' and widening access to under-represented groups. Finally, the differential funding between schools and Further Education was seen as causing inequity in the system because Further Education was in competition with school 6th Forms but the funding formulas resulted in an unfair playing field.

We can see from these early studies on the experience of new funding methodology in schools and incorporated colleges in England that although some of the objectives of government such efficiency and effectiveness appear to have been achieved the desired aim of introducing the 'market' had not transpired. Moreover, the studies suggest that perceived inequities and increased administration has meant that problems persist in both the thinking behind, and implementation of, funding methodology and funding mechanisms. But does this experience reflect that of the Further Education Sector in Scotland?

Funding and Scottish Further Education

The funding of Scottish Further Education has gone through many changes and, as we have seen in the previous chapter, although the governance and management of colleges was not totally concerned with finance it has always been significant.

Before incorporation, and under local authority auspices, Scottish Further Education colleges were funded through recurrent funding. This meant funding was historic in nature and was based on the previous year's allocation with some increase for inflation, wage rises, and special projects. Student numbers or types and level of courses did not affect the amount given. This provided little incentive in terms of student retention but it did have the advantage of allowing colleges to run courses which were not commercially viable but which had educational value.

In Scotland, prior to incorporation, a system resource group was set up to look at the 'weighting' of particular subject areas in order that colleges could be funded on the number of students they enrolled. This led to the 'weighted SUM' - Student Unit of Measurement - and this was a way of attaching a monetary value to the student. The weighting, however, had an effect on the monetary value of each student. For example, if a SUM was £100 but the weighting was 0.75 then a college only received £75 for that student. On the other hand, if the weighting was £1.25 a college would receive £125 for each student. As seen from the studies discussed earlier in this chapter, this reflects the situation found in the English sector. Table 13 overleaf gives details of the weightings attached to particular subject areas.

Table 13. Subject weightings.

Subject area	Weighting
Agriculture/Engineering/ Construction /Printing	1.28
Catering/Materials/Fabrics	1.19
Creative Arts/Design/Sports	1.06
Science and Maths/Computing/Social Work	.97
Personal Development	.89
Business and Management	.85
Social studies	.75

The weighting of SUMs had (and as the weightings are largely unchanged, still has) important implications for the types of programmes and activities promoted by colleges. For example, the input assumptions such as Student/Staff Ratio (SSR), support staff and resources are all affected by the weightings given to these subject areas. Table 14 below summarises the seven subject areas and the input assumptions made about Staff/Student Ratios for each area. So, the suggested ratio for engineering is one lecturer per nine students whereas the ratio for social studies is one lecturer per fifteen students.

Table 14. Subject area and corresponding SSR

Subject area	Rationale	SSR
Agriculture/Engineering/ Construction /Printing	Predominantly work-based or land-based.	9:1
Catering/Materials/ Fabrics	Primarily practical activities.	10:1
Creative Arts/Design/ Sport	Expressive or aesthetic. Mostly practical.	11:1
Science and Maths/ Computing/ Social Work	Primarily scientific and technical.	12:1
Personal Development	Classroom based involving group work.	12:1
Business and Management	Classroom based. Role-play.	14:1
Social studies	Classroom based. Cognitive skills.	15:1

The implication of this was that colleges who offered more practical, skills based subjects received a greater share of the funding budget, which was fixed for the Scottish sector on an annual basis. It also indicated the importance given to particular subject areas. For instance, it could be argued that those areas that were seen as having a direct relation to employment and industry had been allocated a greater weighting than, for example, social studies which was seen as more generalist and which may lead on to Higher Education rather than employment. Moreover, in practical terms, the model did not acknowledge the large amounts of work undertaken by tutors assessing the cognitive skills of those undertaking classroom-based subjects. Given that most college courses were assessed through internal assessment this aspect was onerous for many staff teaching in these areas and was a source of contention in most colleges. In the college used in this research, this issue was raised at section and divisional meetings more than any other topic. This situation continues and has not been resolved to the satisfaction of staff who have lower weightings for their subjects.

Funding since incorporation

With incorporation the 'buffer', i.e. the regional council, was removed between colleges and central government and colleges now entered into a direct relationship with the Scottish Office. One major aspect of this relationship was the allocation of funds.

The importance of funding in the relationship between central government and the newly incorporated colleges in Scotland can be demonstrated through an analysis of general circulars/memos which were sent by the Scottish Office to Scotland's colleges. This data was obtained from the Scottish Office's own records which summarise the circulars colleges should have received and were using, to guide policy and operations. The data is taken from the first 18 months following incorporation, i.e. from April 1993 - September 1995.

The total number of memos/circulars sent was 40. Table 15 below shows the breakdown of issues on which the Scottish Office communicated with colleges.

Table 15. Scottish Office memos to colleges

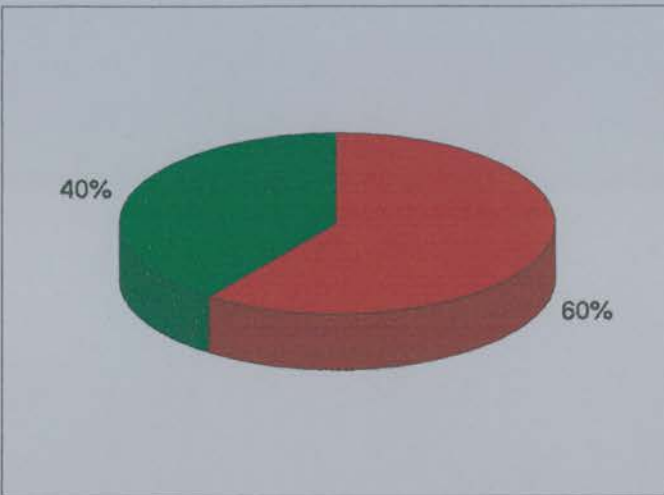
Memos from Scottish Office to Colleges April 1993 - September 1995	
Recurrent funding	10
Miscellaneous financial matters	7
College development plans	4
Audit information	4
College estates	3
Performance indicators	2
Students with disabilities	2
Collaborative work with HE	2
Change of names of colleges	2
European Social Fund	1
Restructuring funds	1
Tuition fees for HE courses	1
College budgets	1
Total	40

We can see from these figures that 25% of memos were related to recurrent funding and another 17.5 % were on other miscellaneous financial matters. When all matters relating to any type of finance, funding, and audit are taken together we see that 60% of communications were related to financial matters whilst only 40% related to other matters (see Table 16/Figure 6 overleaf). This would seem to indicate that finance was the focus of activity between colleges and central government following incorporation.

Table 16. Percentage of financial and other matters.

Matters which were finance related	24
Other matters	16

Figure 6



Another source of data that would support this point is from records of the general correspondence from Scottish Office to the college used in this study for the 18-month period September 1995 - June 1997.

The correspondence related to a wide range of matters but, significantly, apart from a few local issues such as the recladding of the building - 6 items in total - there was very little to suggest direct operational policy. Most correspondence was found to be concerned with strategy, planning and policy rather than any day-to-day running of the college. This would suggest that the role of central government in relation to further education is very different from the relationship between colleges and the regional authorities where discussion of the minutiae of college operations was more common.

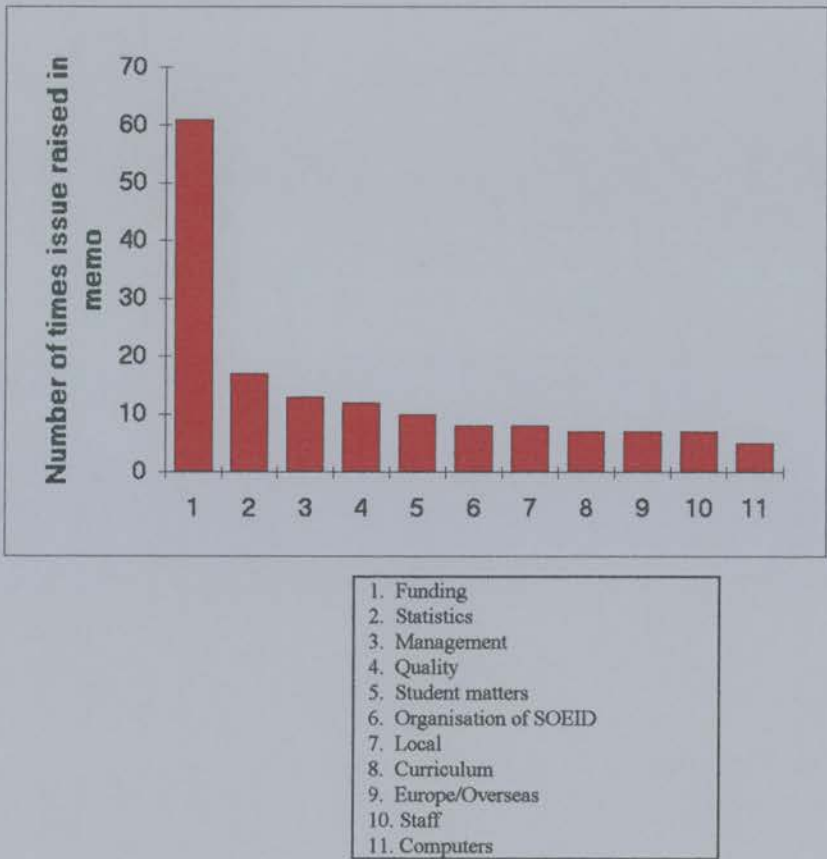
When viewed individually there appears to be little coherence in the types of policy and strategy issues raised by central government. However, if individual areas are grouped together under particular 'themes' we can begin to see clear emphasis on certain issues.

For instance, for the purposes of this analysis all funding issues, whether to do with methodology, further education bursaries, value for money, recurrent funding, grant in aid, or audits, are grouped within a broad funding category. HMI and other inspection matters have been grouped under quality. Details on staffing e.g. full-time/part-time, gender, ethnicity, and taught hours, etc. have been subsumed within statistics, whereas matters relating to training and qualification of staff are contained within the staff category. Table 17/Figure 7 overleaf give details of the groupings.

Table 17. Groupings of issues raised in Scottish Office correspondence.

Funding	61
Statistics	17
Management	13
Quality	12
Student matters	10
Organisation of SOEID	8
Local	8
Curriculum	7
Europe/Overseas	7
Staff	7
Computers	5

Figure 7



Using these categories there is a clear indication that by far the greatest activity was in the area of funding, with 61 items relating to this area and 39% of the total number of items. Statistics come second with 17 items and 11% of the total. Management and quality follow this with 13 and 12 respectively showing 8% of the total. The other items take up 5%- 6% with the exception of computer related issues at 3%.

With incorporation, colleges entered a competitive market and the stated aims of central government, at that time, were to increase student numbers and to increase efficiency. This meant a different model of funding was necessary to provide suitable incentives and to set up a system that could be closely monitored and controlled. However, as recurrent funding was approximately 80% of a college's income (now about 60%) the methodology employed to calculate the amount of recurrent funding was vital not least because it had an impact on the governance and management of a college.

In the short term, following incorporation, the level of funding to colleges remained largely historic. However, in October 1995, Leishman consultants produced a report for the Scottish Office on possible ways forward in the funding of Further Education colleges. The study and report were concerned with developing a methodology that aimed to relate funding to the volume of student activity and quality of provision. During the consultation phase, although colleges were broadly in favour of linking funding and quality some felt this already happened and that issues of quality inevitably involved value judgements which made precise measurement difficult. Moreover, some argued that if formula funding was related to output this would pose difficulties for colleges who operated within poor social and economic environments and it was felt that any methodology would have to take this into account. It was also predicted that the full introduction of funding based on student numbers would also give rise to volatility within the sector.

One aspect of the plan to change funding methodology also came from the desire to converge funding mechanisms for the whole of 16 - 19 year old provision. This included 6th year pupils at school, Further Education, and provision through LECs. For instance, as the situation stood in 1996 there was no penalty for schools for large dropout in 6th year, and LECs, who had output related funding, tended to tailor selection and provision for those who would succeed quickly. The thinking behind convergence was that this would eliminate these factors thus providing a more even service for 16 - 19 year olds.

Funding Methodology Review Group

In February 1997, the Scottish Office decided to initiate a review of the way in which colleges' funding allocations were calculated, and in April 1997 the Funding Methodology Review Group was established.

The remit of the group, summarised in a brief, was to

‘... review the current arrangements for the distribution of Government grant funding for further education colleges in Scotland to determine that these efficiently and effectively support and deliver the objectives for the sector set out by Ministers and reflect appropriate funding principles’ (FMRG, 1997).

and

‘....identify scope for improvement in consultation with the sector’ (FMRG, 1997).

This remit was further extended in June 1997 by Ministers in the new Labour government to consider how funding methodology could support policy objectives laid out in the pre-election manifesto for reducing unnecessary competition and increasing co-operation.

In the 1997 brief, the Funding Methodology Review Group outlined the key purposes of Further Education and a number of key principles underpinning funding methodology. The three key purposes were: participation, efficiency and quality. Subsumed within these three key purposes were other factors. For instance, participation related to lifelong learning and increased opportunity although the aim was to increase the skills necessary for sustained employment. Participation also included working with employers and local authorities to enhance the competitiveness of Scotland and being responsive to national and labour market trends and needs. Efficiency emphasised the best use of resources with the focus on non-grant income, private finance initiative and value for money. Efficiency also included the use of new technology to increase effectiveness, and securing a range of funding in order to extend provision. Quality was seen as being achieved through self-evaluation using Performance Indicators, internal and independent audits and external inspection. Decentralised systems of management were also seen as important (FMRG, 1997).

The group then went on to identify the principles underpinning funding methodology in Scotland. These were:

- Provision of Further Education in an efficient way, which includes quality and innovation and meets the needs of clients.
- Planning which would ensure a measure of predictability and therefore would allow colleges to forward plan and achieve a balance between competition and collaboration.
- Accountability of public funds and value for money. Central funding would need to complement other sources of funding and give incentive for colleges to diversify funding base. Any system would also have to be auditable (FMRG, 1997.)

In November 1997, the FMRG reported on the key features of a proposed new funding model. The main building block would still be the Student Unit of Measurement (SUM) with a weighting given to particular courses thus producing a weighted Student Unit of Measurement (and this changed very little to the weighting that had been decided prior to the establishment of the FMRG). This weighted SUM would be the unit used for the purpose of calculating funding and would be given for each student enrolled at a college. Moreover, the weighted SUM would be averaged out over a 3-year period (rather than just the previous year), and there would be a ceiling on funded growth and a base line for penalties incurred because of contraction. This was an attempt to encourage growth but not at the expense of other colleges.

The group also decided that the recurrent funding would have three elements. One would be the general fund (as described above) and would be 96% of total funding. The second would be the strategic fund, given for particular initiatives and which comprised 3% of total funding. The third would be 1% of the total and would be allocated on student achievement.

However, the recommendations of this group and the allocation of funds on this basis were short-lived. In February 1998, Brian Wilson announced plans to establish a Scottish Further Education Funding Council (SFEFC). In response to the Dearing committee and the anticipated recommendations of the Garrick report the Minister announced that

‘I agree with the Committee’s reasoning that a single organisation should be established to address the funding of both further and higher education. Within that framework we shall establish a Scottish Further Education Funding Council with a significant element of common membership with the Higher Education Funding Council. This will promote co-operation between the sectors at a strategic level and to foster collaboration and synergy between the further education colleges and the higher education institutions’ (Wilson, 1998)

From April 1999 the new SFEFC assumed responsibility for the funding of Further Education colleges. The Scottish Further Education Funding Council and the Scottish Higher Education Funding Council would have separate Chairs but the recommendation was that there would be a single organisation and Chief Executive. The SFEFC was instituted in the *Scottish Further Education Funding Council (Establishment) (Scotland) Order 1998* which charged the SFEFC to fulfill the statutory section of the 1992 Act. References made to the Secretary of State, Ministers and the Scottish Office in the 1992 Act and were adapted following the transfer of power to the Scottish Executive on full implementation of the *Scotland Act 1998*. According to the Scottish Office representative interviewed for this research, the SFEFC became the largest non-departmental public body (NDPB) in Scotland.

The principal task of the SFEFC was to allocate and administer funds to the Further Education sector but the SFEFC was also able purchase services and external expertise where necessary. As stated in the press release, the council had a common element with the Scottish Higher Education Funding Council in that they were expected to promote co-operation and collaboration - although the Scottish Further Education Funding Council would retain responsibility for all Further and Higher Education provision offered in colleges. As well as being responsible for funding, the remit of the Further Education Funding Council included promoting quality, promoting innovation, monitoring financial health, and advising government on the provision in Further Education colleges.

The work of the SFEFC can be examined in relation to particular, recent policy contexts. In 1999, the Labour administration made available funds to meet their policy objectives. These included widening access and increasing participation in Further Education. Recognising that there had been under-investment in the infrastructure of Further Education, the government also put forward initiatives to increase the use of Information and Communication Technology (ICT).

Although established as a quango, the government's direction was made clear to the SFEFC in a letter of guidance issued by the Scottish Office to the chairman of the Funding Council (SFEFC, 1999). In this letter it states that:

'The Council will be expected to work with the FE colleges in ensuring that the sector can and does play a full part in taking forward these various agendas. I would particularly draw to the Council's attention to the Secretary of State's forward to 'Opportunities for Everyone'. The Council should be guided by this Strategic Framework and discharge its responsibilities in such a way as to promote and facilitate the efforts of the FE colleges to realise the vision for the future of further education and deliver the overall objectives set out in each section of the Framework.' (Scottish Office, 1999a: 3)

and

'In so doing the Council will wish to consider how best to ensure that colleges formulate strategic and development plans and that progress towards objectives and key targets set is measured.' (Scottish Office, 1999a: 3).

The letter of guidance also recommended that the SFEFC take cognisance of the recommendations of the Funding Methodology Review Group's as this group had identified many of the issues and problems associated with the funding of Further Education colleges. There were several elements that were of concern to the Scottish Office. In particular, the Scottish Office wanted to find a form of funding that was transparent, stable and predictable but which retained elements that would allow flexibility and encourage innovation.

The Scottish Office also included advice on collaboration and rationalisation.

'The Government has made clear its view that needless competition between colleges should be replaced by climate in which colleges work together in partnership. It therefore looks to the Council to encourage and support the development of all forms of collaborative ventures between colleges and

groups of colleges which have demonstrable benefits for the delivery of provision within the sector' (Scottish Office, 1999a: 4)

and

'The Government has also indicated, in the Strategic Framework, that some rationalisation of the FE sector is overdue. It looks to the Council not only to encourage and support the development of proposals for strategic and structural change from within the sector, but also itself to take a wider strategic view of the structure of the sector, regionally or nationally, in preparation for considering and advising on ways in which college based provision of further and higher education might be rationalised. Where proposals would involve merger of colleges the Government would look to the Council for advice.' (Scottish Office, 1999a: 4)

In another circular - SO(FE)1/99 - the Further Education Funding Council gave details of how they expected colleges to respond to their policy objectives and the new SFEFC allocation of funds. Colleges were asked to consider the policy objectives laid out in the Strategic Framework 'Opportunities for Everyone', which was published in March 1999. In particular, access, collaboration and excellence were highlighted as being important. In considering these three aspects, colleges were also asked to look at specific ways these could be improved. For example, in relation to widening access colleges were directed that

'the college development plan should:

- demonstrate who the college's priority targets for widening access are;
- explain how these priorities have been arrived at; and
- set out a clear programme for encouraging wider participation from the target groups, including an explanation of how the college is allocating its funded growth places amongst these target groups.' (SFEFC, 1999:18.1)

And in terms of collaboration

'The strategic framework will also make clear to colleges the importance of improving collaboration, both with other colleges and with other sectors and interests. The colleges should demonstrate, in their development plan,

proposals for closer collaboration and identify targets against which the success of such collaboration will be measured.' (SFEFC 1999: 18.3)

The circular also tackled the issue of governance and ways this could be improved. This included the role of the Boards of Management, arrangements for quality assurance, and confirmation by both the Chair of the Board of Management and the Principal that they have taken into account the processes and financial implications of any plans submitted.

Other aspects that colleges were asked to consider included: quality improvement, performance indicators, Higher Still, student activity projection, Information and Communication Technology, childcare workers, time off for study for 16-18 year olds, New Deal, financial projections, planned capital investment, accommodation surveys, planning and annual accounts.

The introduction of a new funding council was not the only initiative from the 1997 Labour administration. A number of other financial measures were introduced to support developments in Further Education. However, this was not an open cheque and was tied to specific policy objectives. For example in December 1997 Donald Dewar announced a rise of eight million pounds for Further Education for the year 1998. This was to enable Further Education to play its part in skills shortages, widening access and in the government's Welfare to Work scheme. A further £650,000 was given to the sector to assist young people and long term unemployed *before* the launch of New Deal in April 1998.

In June 1998, an additional one million pounds was made available for strategic funding. This was earmarked for widening access and allocation to individual colleges was based on the distribution of unemployment figures. At the same time a further three quarters of a million was made available for projects that encouraged co-operation between colleges.

The seeming largess of the Labour government did not end there. In July 1998 Donald Dewar announced that Further Education would receive a huge increase of £214 million between 2001-2002. This money was for three main purposes: to increase student numbers, to stabilise financial positions, and to provide and introduce new technology.

This data would appear to support the findings and conclusions from the English studies. We can see from the Scottish situation the ways in which 'steers' have been placed on colleges through the allocation of funds for particular purposes, in particular the element that funds strategic developments. For example, 'extra' money was made available was ring-fenced for particular purposes usually to promote government policies and support specific projects such as New Deal.

Interviews

The findings from this data can be compared to the perceptions and interpretations of funding and financial control, given by two key players at opposite ends of this process. One is the senior manager who, among other things, was responsible for the financial aspects of the college in the case study. The other is the Scottish Office representative who, until the inception of the SFEFC, was part of the Further Education Funding Division at the Scottish Office which had a joint remit for funding and policy.

Having worked in Further Education when it was under the auspices of the regional councils, the senior manager was able to comment on the funding mechanism before incorporation.

According to this interviewee, under the regional system, each college Principal would meet their local education officer to review the courses on offer and how the college was operating. There would also be input from members of the College Councils. Most

funding, known as grant-in-aid, was to cover staffing costs but there was money for other special events. So,

‘..... your base figure was the year before adjusted by any special events within your college such as a new course being run, or you might have a new outreach centre. They themselves might ask you to do something. But it was historic simply adjusted on a specific basis as agreed between the Assistant Director of Education and the college Principal.’

The interviewee said that the calculation of funding was based on teaching hours and although it was never made explicit it was thought to be 760 hours contact time for each lecturer. The education officer and Principal would work out what was needed to run the courses and then determine what the staffing should be. Once day-staff numbers had been agreed, they would look at evening provision. Once agreement was reached the staff were then paid by the region. So, this meant the basis of the budget was staff costs and 75% of the budget was spent on staff.

According to this interviewee he could not remember a time when budgets had been cut.

‘.....I’ve been in education 32 years, that I’ve seen any decline where demand has gone down. There has been demographic trends but nonetheless I’ve always seen an increase because there have always been some government funded schemes sort of coming into it.’

Historic funding, and the formula worked out in 1992 for grant-in-aid, became the basis for funding incorporated colleges and, as we have seen, this has gone through two further changes - the Funding Methodology Review Group and the SFEFC. Part of the reason the FMRG was set up was because of dissatisfaction with the funding formula and the senior manager highlighted many of these concerns in his interview.

One difficulty was that the amount per weighted SUM varied from year to year. So, the ‘price’ for each student varied and this was set politically by the Scottish Office, which determined how much money was available as a whole for Further Education.

‘..... It’s the way it’s operated. If someone came along to us and said look those are what we’re paying you for the courses, we are agreeing that the price of a weighted sum is £150 will you deliver this, we know what we are going to get. But at this moment in time we don’t know.’

The senior manager pointed out that although there was a competitive element it was not based on the supply and demand for courses. Instead colleges competed against each other for a fixed amount of money. So, if all colleges increased numbers then the amount for each weighted SUM was reduced so that everyone got something.

‘All we do is generate weighted SUMs and then the weighted SUMs are divided into a *finite* amount of money. It’s that competitive element is the difficulty, that is the big question.’

The interviewee gave the following example:

‘..... if everyone increases by 10% then the value may fall by 10%. So instead of getting £150 per SUM you get £135 but we’ve really supplied the programme that we’d agreed to do. It’s like saying your wages are based on what everybody else is doing in the college because there’s more people providing the thing then your wages go down. That’s really the unfair thing. At the moment the government have quite a big thing about co-operation, but we’re asked to co-operate on what is essentially a competitive funding formula. That makes planning extremely difficult.’

and

‘We’re dependent on what other people do.if we increase by 5% then we expecting 5% more funding, but if everyone increases by 10% or the national average is 10% greater we get less money for the 5% more.’

So, although the college sector was meant to grow, any growth meant colleges still had to share the same size of the cake, which was a disincentive to growth.

The senior manager also identified other flaws with formula funding. For example, he felt that no cognizance was taken of geographical factors which were important in terms of

recruitment: city colleges have fewer problems with recruitment because of good transport links and other facilities such as access to shops, pubs, and so on. The interviewee said that the Scottish Office did not take account of this.

‘That’s why there’s an argument that we should maybe pay them less in inner city colleges. The inner city colleges would have arguments against that, of course. But there is an argument for a rural weighting factor because there are a limited number of people if you are teaching in Portree, Mallaig, or whatever. But we are a wee bit like that because we’re on the outskirts. Most youngsters if given the choice would rather go into the city centre. It’s much more glamorous to be in there, you can pop out to Marks and Spencer’s or whatever it is at lunch-time, than to come to ***** College. We’ve got to win this every year with reputation, etc.’

Another example he gave was if there was a decline in the number of full-time students because of a situation of full employment. If the number of full-time students fell by 10% then it would hit the college used in the study by 20% and city centre colleges by 5%. So, the college would then be struggling with the more expensive part-time students to keep it going, whereas the city centre would be drawing in full-time students the whole way through. Also, city centre colleges had a far higher proportion of promoted staff than a college in the suburbs. This was because they had no problems in enrolment (students like city centre colleges because of transport links and facilities) and consequently class sizes were bigger which, in turn, generated more money for a college. He also felt that output funding had been distorted because there was no agreement on what constituted achievement. Achievement was therefore contested because it was not always based on gaining a certificate but could be something much more subtle and non-assessable such as someone who develops writing skills, confidence, and so on.

The interviewee also highlighted the discrepancies between students studying full-time and those doing flexible learning. With full-time students, money is clawed back if a student drops out of a course, whereas for a flexible student, money is given from the beginning to end. This meant that a student could attend intermittently and the college

was not penalised. This may mean colleges play the system and enrol students as flexible learners because the funding methodology has forced them to do so.

This interview also felt that funding methodology raised issues about what was seen as fair and accurate.

‘You can say it’s fair, whether you want to say it’s accurate is a different question. But it is fair in the sense that we are all playing to the same rules. Now if you.....maybe we could take it a different way.....if you were an engineering college and did nothing but engineering or building, like the College of ***** and *****’, you could argue that it is unfair because of the fact that it penalises us and we do nothing else. We can balance out the swings and roundabouts here at our college but if you are a monotechnic you might find it’s not all that accurate so it becomes unfair from that point of view. But that’s a perception. You might argue that no matter what you do. Everyone knows how those figures were arrived at. There’s been lots of meetings with Principals over the years since incorporation to address that type of thing.’

and

‘I suppose they are fair in the sense that we all know how they’ve been arrived at and they are transparent because every college knows what they are.’

So, although he did think funding was fair and transparent this was only in terms of knowing how the calculation was made but he was not in agreement about the *basis* of the funding. For example, he raised the issue of weightings for a course and pointed out that a student taking a course in Electronics is worth more than one doing Communications . In terms of the ‘price’ that follows the students he said that

‘.... this is probably unfair.’

He did acknowledge however, that adjustments can be made within the college.

‘..... we can do whatever we want inside the college. That’s the funding direction. That is the difficulty. Suppose we decide we are very keen to meet a local demand in this area. Say for sake of argument it is Communications, lots of demand for Communications. The weighting may so

low in Communications that we can't afford to run them. Or take special needs, which is probably a better example. Our conscience may say we've got to take more and more special needs in. But if we can't finance, if we get insufficient money, we've got to subsidise them with other courses and it becomes a state whether you have other teachers with classes of forty or fifty students to finance these sort of courses. So, it's a self-balancing thing.'

The senior manager also discussed ways in which funding methodology and allocation of funds provided 'steers' for colleges. The views of this interviewee on the political agenda have been given in the previous chapter. He made it clear that he felt there was an overt agenda towards 'efficiency' and an underlying assumption that colleges had been inefficient. The funding methodology, he felt, did force colleges into becoming more efficient. However, he contested whether the figures on the surface were as good as they appear. He said, for instance, that

'..... it can be argued that we have become more efficient. We've increased the numbers very substantially. You could find that out since incorporation. I think it would be about 50/60/70%, something in that order and costs a heck of a lot less than that. But that is because a lot of our costs are fixed costs. It's not as efficient as the government make it out to be. If you work it out really to some extent although we increase our numbers, let's say 6% per annum, we very often increase our wages to staff by about 4% to cover it. It is not completely in line. A lot of our costs are fixed therefore if your costs are £500,000 per annum and you deliver 50,000 SUMs then that is £10 per SUM. But if you do it on a 100,000 then it will go down to £5'

Another way the Scottish Office could influence the work of a college was to allocate money but to put a 'cap' on the type of student that could be recruited. However, the interviewee felt that some colleges overclaimed and hoped to get away with it. If this was discovered then the Scottish Office clawed back money that had been claimed for courses that exceeded their estimated numbers. Again, he pointed to examples where people had played the system. One college had enrolled students on an national certificate course in August for which they claimed 21 SUMs and then progressed students on to HN in January for which they claimed an additional 15 SUMs. Although

this was not illegal it meant that colleges were playing the system to increase their funding. He said that many colleges used loopholes to increase their funding but he thought that as these practices became known it would be more difficult to do this.

A further example given by the interviewee was the selection of the *type* of student colleges were enrolling. Bursary money was fixed and if a college wanted to increase numbers beyond this they could but they would have to pay for these students themselves. However, one way they could increase numbers without increasing costs, would be to select students who did not incur travelling expenses or other living allowances.

Another way colleges could be directed was in the area of part-time growth. The interviewee acknowledged that government had a particular objective to increase part-time provision but questioned their incentives:

‘The government says we’ve to increase part-time growth but are they really promoting it. Should they be giving some more incentive to do it. Because if you’ve got a full-time student you’ve only got to enrol them once and from that person you get 21 or 15 SUMs. Where you’ve got to go through the same rigmarole let’s say for someone that’s would only give you 6 SUMs.....what’s a day release now? It used to be an HNC was over 2 years....that’s 6 SUMs a year. So let’s say that for the complete year you get 6 SUMs, you’ve got the administrative thing of sending out reports, etc., you’ve got to deal with enrolment. So, it still going to be the same modules as they are taking over twice that period of time. You might not have to enrol them the second year, but even if a person enrolls for 1 module only then it is an awful lot easier to give them a package of 21 modules.’

However, because there was a limit to bursary money and in the number of full-time HN students, colleges were forced to go down a part-time route to increase numbers and SUMs and ultimately the amount of cash they receive.

‘..... that’s what you’ve got to do. You are forced down it.’

The senior manager also felt that constraints were placed on colleges through the allocation of strategic funds. This was money that central government made available to push through particular initiatives that were part of government policy. He gave the example of strategic funds which

'.... contains funds for the promotion of strategic initiative and developments, rationalising, collaboration, appraisal, mergers, etc. I was at a group with another five colleges and we were speaking about that. By the 15th March we've to have something to the Scottish Office on widening access. A lot of the strategic funds have been used for things such as ICT training. Another one that might not be popular the unions but it is to prepare with how you are going to deal with staff appraisal, or how to make your management more efficient in the college. We're reducing the number of managers now. That's two less on the SMG since *** ***** left. There's an argument now..... some people are saying that Principals, Deputies and Assistants should be given more business training, management training, financial training, personnel training. You might go into these posts and you might have no background. So it could be for that type of training as well.'

Moreover, there was no way that additional money could be used for purposes other than that designated as all colleges were audited to see how they have used that money.

Finally he felt 'steers' were being placed on colleges by linking funding, or at least part of funding, with student achievement, enrollment and retention. College funding had traditionally been on those who stay 25% of the course. At the time of the interview, the FMRG had decided part of the funding (albeit a small part) would be tied to student achievement - and this meant achievement that was certificated. The interviewee commented that

'Yes, to get that sort of thing they'll have to achieve. I think that will keep getting bigger and bigger and bigger. They'll tie us down more. And that becomes a difficult one. How do you tie in quality with efficiency? If we are dealing with access students.....by their very nature, access student's retention rates are not going to be so good. Their absolute passes are not going to be so high unless you dilute the standards. We are not dealing with national standards, or would we want to go back to formal examinations.

How would we do if someone else is setting the exams? It would be quite difficult wouldn't it?

The interviewee felt things might change, particularly in the methodology and strategic initiatives, when the new Scottish Further Education Funding Council FEFC became responsible for funding. He did not know which model they would use but thought that there would be a move toward co-operation although at that point in time he was not sure.

At the other end of the process was the representative from the Scottish Office who was part of the Further Education Funding Division. In the interview he described the role of the Funding Division in relation to Further Education colleges in Scotland and commented on many of the changes that had, and were, taking place.

Following the 1992 Act, which took effect from 1st April 1993, the Funding Division had become directly responsible for funding the forty-three incorporated colleges in Scotland. The Division at that time of the interview was responsible for around three hundred and thirty million pounds of public money, which was the amount, allocated to the colleges in 1999. This meant that much of the work of the Division was concerned with accountability, monitoring and auditing of that money; ensuring that policies were being met; and that policies were being implemented in the colleges.

Although referred to as the Funding Division, there were, in fact, two strands to the division - funding and policy. However, because the immediate concern tended to be 'with pounds, shillings and pence', that seemed to have a higher profile in the Division. Its primary role, therefore, was to allocate money and make sure it was accounted for.

In terms of policy, the Division advised Ministers on current policies and assessed the impact of those policies. The interviewee gave examples of policies introduced by the new Labour administration in 1997 including increased access and an end to competition

that wasted resources. So, part of the role of the Funding Division was to ensure that the policies were implemented across the board and that it was done within existing resources. He suggested, however, that policy formation occurred at different levels and that it could not be seen as a top down process. He envisaged that once the new SFEFC was in place the role of the Division would be much more concerned with the devising and implementation of policy.

As well as having a finger on the pulse of Further Education, the interviewee said that the Division had a wider remit in liaising with other departments and agencies such as awarding bodies. They also had close contact with the division responsible for Higher Education because some of the work of Higher Education was delivered within the Further Education context and there was supposed to be an articulation between Further and Higher Education Institutions. The interviewee felt that this was especially the case in recent years because the policy had been to encourage institutions to work together, i.e. collaborative work between Higher Education and Further Education and between Further Education colleges themselves.

Another department/agency with whom the division maintained close links was the HMI, particularly in the area of policy. He thought that the HMI had their finger on the button because they were out at the colleges carrying out inspections, seeing what the colleges were like, talking to people and finding out what was happening on the ground. So in areas of common interest - quality, governance and management - the HMI and Funding Division had close contact.

The interviewee stressed that although they did not directly inform Ministers of each issue, they were there to ensure everything was going smoothly. He saw the Division as the main line of accountability especially through the Accounting Officer in the division and the college Principals who were the designated Accounting Officers for each college.

However, he pointed out that colleges were ultimately accountable to the Secretary of State (now transferred to Ministers in the Scottish Executive).

He pointed to the annual sum for Further Education in 1999 was around £330 million and central government had to ensure that the money was spent effectively, was spent efficiently, was spent well and was spent fairly. So it was distributed by the Division, which acted as a buffer between the colleges and Ministers. In other words, the job of the Funding Division was to ensure that the Secretary of State's business was done with the Secretary of State's money - the efficient use of the public's money was one of the key roles of the Division.

According to the interviewee, there were several ways in which accountability was ensured. These included the financial memorandum and articles of association between the colleges and the Scottish Office. There was also the Accounting Officer link where officers were held liable for the proper execution of accounts. Finally, there were annual reports, which included performance indicators, development plans and audits. Each college had to employ its own internal auditors such as KPMG or PricewaterhouseCoopers and audits had to be submitted on a yearly basis.

He said that the Division together with the National Audit Office could investigate if there were any allegations of evidence of mismanagement. Although this was not routine, it could be done. The Accounting Officer and the Secretary of State had right of access to any audit and that was seen as part of the accountability process. Again, the interviewee stressed that there was a significant amount of public money given to Further Education. He said the government were willing to back their policies with hard cash and many colleges were the size of a small business, therefore accountability had to be a priority. Also the Division had to be accountable to the Public Accounts Commission who have oversight of the Division's administration and monitoring of funds.

When asked about the extent of direction given to colleges through funding mechanisms, the interviewee had mixed views. He described the way strategic direction was given through circulars and letters of guidance, which detailed how the money should be spent and ensured that the Principals as Accounting Officers acted in accordance with that guidance.

He admitted that some money was ring-fenced but felt that should be seen as the support government gave in order that specific policy objectives could be met. He said the Division could not just give out money and see it spent on such things as staff pay rises. It was for specific purposes, to push forward government policy and initiatives and this was made perfectly clear to colleges.

The interviewee gave a specific example of the way policy and funding worked. He said it had been recognised that there had been a lot of duplication of effort within colleges. This was especially true where there were five or six colleges within a short distance of each other all doing the same courses. This had led to a deliberate aggressive policy of trying to take students from each other. Although competition was seen as healthy it was recognised that some was unnecessary and needless. Courses were being run, perhaps, with a low number of students but colleges were using planning methodology to keep these going. The move towards co-operation, together with financial incentives to encourage this, was one way of eradicating unnecessary competition and the effect of this was being monitored and evaluated.

However, whilst listing the ways in which central control was exercised in terms of accountability and steering, this interviewee still felt that colleges had the power to decide their own strategic direction. Since colleges were incorporated bodies, they were run by the Board of Management that was ultimately responsible for the strategic direction. The colleges also had the power to deal with local issues such as staffing, redundancy and union relations and could decide and push forward with initiatives themselves. In this

way, central government had no say in the day-to-day running of colleges, which was carried out by the senior management teams within each college.

In discussing the way funding methodology worked and whether it was transparent, the Scottish Office representative seemed to be in broad agreement with the views of the senior manager. He discussed the work of the Funding Methodology Review Group (FMRG), which examined the funding methodology that had come into being at the time of incorporation. He felt the establishment of the FMRG had been a recognition that funding had to be allocated in a way that was fair and transparent and the group had been set up to work out how it could be done in the best way.

He said that the FMRG's remit had been to consider the best set of performance indicators that could be used and that would be robust, fair and could be understood by the colleges. They had made a number of recommendations in terms of trying ensure that the funding methodology was as transparent as possible, that the money allocated by the Scottish Office was being distributed evenly and they introduced a link, albeit at a very low level, between funding and quality. This was seen by the interviewee as dipping a toe in the water and he envisaged that this element would become more important in the future.

However, he acknowledged there were difficulties in that although colleges could see the way it was calculated, they still felt that it was unfair. The interviewee felt that, inevitably, what suited one college in a diverse sector of forty-three, did not suit another college. So at one end of the spectrum there were small colleges specialising in such things as agriculture and at the other end there were large colleges with a wide range of provision or with their own specialisms.

The interviewee said that the work and findings of the FMRG were passed on to the new SFEFC in 1999, which assumed many of the responsibilities previously associated with

the Further Education Funding Division. The Council would be responsible for ensuring that money was allocated in an equitable and fair way. He noted, for example, that the new Chairman of the SFEFC had announced in Times Educational Supplement that one of the first tasks of the new council would be to overhaul the whole funding system. The interviewee envisaged that the new council would take the findings of the FMRG and also pursue a grass-roots review of funding methodology. This would include the two-year delay in colleges recruiting students and then receiving money.

In his view, by establishing the SFEFC as an executive, non-departmental public body - a quango - it was a clear indication of 'hands-off' government. The SFEFC would be the biggest quango in Scotland and he felt it would remove the political impact and influence that might take place in response to particular issues or initiatives. He felt Further Education colleges would welcome this move although he stressed that the SFEFC was still charged very firmly with ensuring effective and efficient use of public funds and would still be accountable to the Secretary of State (now the Scottish Executive).

He envisaged that the move to the new SFEFC would have an effect on the work of the Further Education Funding Division. Although the Division dealt with funding and policy, the funding aspect had been very important because it dealt with the immediate issues of finance. Policy and funding would now be separated and he thought the Division would be renamed. However, by no means would this be a wholesale separation and those remaining would be more involved in policy. The policy issues that related to funding would still be the responsibility of the Division and they would need to keep a brief over it to be able to advise Ministers. He, felt therefore that policy on bursaries, tuition fees, fee waivers, and so on would remain part of the Division. Likewise, the new SFEFC would also have an interest in policy.

He also felt that although the colleges would welcome the SFEFC because they would no longer have to deal with the Scottish Office/Executive - it would be a very different way

of running things. He based this view on the initial responses to Garrick (the report which recommended a separate funding council for Further Education). For example, there would be a lot more people in the SFEFC than were presently involved in the Division. More members of the Council would have experience of the college sector and responses seemed to indicate that the 'hands-off' ministerial/political aspect would be welcomed. The responsibilities of the new SFEFC were laid out in the Letter of Guidance of March 1999 and this included the removal of day-to-day monitoring from the Further Education Funding Division and placed the responsibility of ensuring central government's duty to provide effective and efficient further education in Scotland with the SFEFC. The interviewee felt that this would place the SFEFC in a similar position to that of the Funding Division - a role between policeman and helper. He felt that often the policing role took over the helping role - something he was unhappy about because he felt the division had a genuine desire to see that everything succeeded.

Discussion and conclusions on funding and funding methodology

The review of this data reveals many aspects of governance and management that relate to the themes of this thesis.

First, the financial arrangements for funding colleges demonstrate some of the features associated with quasi-markets. Although, ostensibly independent, colleges are reliant on funding from central government and, as such, are forced to adapt their behaviour to an economic form. So, although not embracing all aspects of the 'market', the notions of efficiency and effectiveness are strong leitmotifs that recur in many of the remits, aims and objectives of the various bodies that have been established over the years to oversee the funding of Further Education.

Second, despite the rhetoric of the market place, the way funding is calculated demonstrates strong *political* control of Further Education. As is the case with the English education system described in Levacic's (1994) study, Scottish colleges have also had their funding set politically. This is because the basis for funding is the weighted SUM and the value of that SUM is set centrally. At one time this was decided by the Scottish Office although this has now been devolved to a non-governmental department body - the Scottish Further Education Funding Council. Although semi-autonomous, the SFEFC is directed to help meet the aims and objectives of government in relation to Further Education and they have to work within the money allocated to the Further Education sector as a whole. The 'hands off' claims for the new SFEFC also have to be questioned in the light of the strong letter of guidance sent by the Scottish Office when the council was established, and the concomitant letter to Further Education colleges that stated quite clearly the way in which colleges would be expected to respond to the SFEFC proposals for funding

Third, we can conclude from the review of this data that funding and funding methodology are powerful technologies of government. Although responsibility is devolved, there are many examples of the way in which central government influences the work of colleges and places 'steers' on the direction of colleges. This can be seen in the way strategic funds are allocated for particular projects, for example, ICT development or collaboration between colleges. Funding methodology itself may 'steer' a college into offering a particular type of provision because this is more cost effective. An example of this would be to change provision to more IT or engineering courses because the weighting for these courses/students is higher. We can also see that prior to, and immediately after, incorporation, funding was set up to promote competition but this changed with the Labour administration in 1997 with funding giving the 'steer' for collaboration and co-operation between colleges. This would suggest that regardless of the administration in the Scottish Executive, there will always be some type of political 'steer' placed on colleges to meet government's objectives.

Finally, in ascertaining the place of funding and funding methodology from the perspectives of key players, we can see that there are areas of agreement and disagreement. As may be expected, the senior manager and the Scottish Office representative had slightly different concerns. The senior manager was more concerned with the practical effects of the way funding worked, whereas the representative from the Scottish Office was concerned about accountability and efficient use of funds. However, they did agree that funding, and particularly funding methodology, was a 'contested domain' and the implication of this is that funding still remains a political issue rather than one that is mediated by the 'market'.

However, funding although powerful, is not the only technology used in the governance and management of Further Education and we now turn to an examination of some other technologies used in the sector.

Chapter 7: Audits, inspections, and performance indicators

Introduction

One aspect of arm's length government and devolved authority is the need of central authorities to retain some control over public services and those who work within them. In the previous chapter, we have seen how funding and funding methodology have operated as one such technology. This chapter will examine four others, namely: financial audits, quality audits, inspections and performance indicators (PIs) and will evaluate their impact on Further Education. The first part of the chapter focuses on the technical aspects of these technologies and the second part explores their impact through interview data from four key players - two quality auditors, an HMI and a senior manager from the college used in the research.

Financial Audits

In Chapter 2, reference was made to auditing as a way in which new controls were being exercised over professionals within the public sector. In his discussion of quasi-markets, Andrew Sayer (1996) suggested that there would be an increase in forms of control including auditing and Rose (1996) makes a similar point when he refers to the 'grey sciences' as an increasing feature of the public service landscape. Prior to incorporation, colleges operated under the financial wing of the Regional Councils and, as such, were not subject to external financial audit. Although most colleges had a finance section, these sections were there for student requirements and were not responsible for overseeing the financial matters relating to the college as a whole. As stated by the senior manager in Chapter 5, colleges had a 'one line budget'. Incorporation instituted colleges as private companies, subject to similar rules and regulations as businesses. With some colleges generating turnovers of twenty million and above, there are substantial economic interests in the running of these establishments.

With the change in the financial status of colleges, new methods of accountability have been established. Each Principal is a designated Accounting Officer and he/she is ultimately responsible for financial matters although most colleges have a professional accountant who operates at Assistant Principal level. The change to their financial status also means colleges have to undergo an annual financial audit carried out by independent auditors. This is a legal requirement but data obtained from Noble’s Yearbook 1999 also indicates the financial burden this places on colleges and demonstrates the benefits to the auditing ‘industry’.

For example, in Scotland, 6 firms have the lion’s share of the market with a further 9 firms sharing the remaining 22.5%. The main auditors for the Further Education sector in Scotland are as follows. KPMG and PricewaterhouseCoopers who have the largest share of the market at 22.5% and 20% respectively. This is followed by Wylie and Bisset at 17.5%, Scott Oswald at 7.5%, Kidsons Impey and Deloitte & Touche both at 5% and a range of nine other auditors who audit the remaining 22.5% of colleges between them (Noble 1999) Table 18 below summarises this information.

Table 18. Audit firms and percentage of FE market.

Firm	Percentage of the FE market
KPMG	22.5%
PricewaterhouseCoopers	20%
Wylie and Bisset	17.5%
Scott Oswald	7.5%
Kidsons Impey	5%
Deloitte and Touche	5%
Others (9 firms)	22.5%

This has several implications for the Further Education sector. In terms of cost, this is good business for the auditors, with income from audits ranging from £4000 to £82,000

(Noble, 1999), but it is an added cost to the colleges who have to meet this cost from their budgets. It also involves another layer of scrutiny and adds to the work of colleges in preparing for auditors, whereas under the Regional Councils, colleges were spared in both cost and time. This would support the view that the 'grey sciences' are gaining in importance in the work of the public services.

Quality audits

Another form of audit is the quality audit and in this research, two different audit systems were examined. - the Scottish Qualification Authority (SQA) audit and the Scottish Quality Management Systems (SQMS) quality audit.

Quality audits were introduced by SQA as a means of coping with the rise in the number of awards being offered - especially after the modular system was introduced. Unable to guarantee the quality of its awards in all the centres wishing to offer them, SQA was forced to find a way of monitoring quality that was cost-effective. This led to the development of a system that would encourage mature centres to take on devolved responsibility for SQA awards. It was also part of the movement that had swept through industry with the introduction of BS575, the quality standards for industry, and was linked to a general trend in management that advocated quality as something that emerged from *inside* an organisation. Using these ideas a quality framework was developed that could be used to audit mature centres. If successful, they entered into a contract with SQA and elements of SQA awards would be devolved to centres. This meant there would be less involvement from SQA and more involvement from colleges. Once the contract was agreed, colleges were monitored each year for five years.

The SQA audit system is based on six quality elements: approval of a centre; approval to offer specific awards; validation of units; validation of new awards; internal verification; and external verification. New centres coming on stream have to go through the quality audit to become an approved centre and also to be approved to offer specific awards.

Part of the audit is to make sure that centres have sufficient staff and resources to run a particular award. At the time the SQA audit was introduced, existing centres were deemed to automatically meet three of the elements and so were given approved centre status, were able to approve their own awards, and were able to carry out internal verification (making sure assessments were of the required standard). The remaining three had to be gained through application and subsequent scrutiny of college systems to ensure the organisation could fill its obligations relating to devolved elements.

The Scottish Quality Management System (SQMS) has its roots in the early years of the Manpower Service Commission (MSC), which had been set up to alleviate a growing unemployment problem. Training providers - private agencies - could access money to carry out training but because training was not certificated there was little quality control and this resulted in such schemes acquiring a bad reputation. There were some attempts to remedy this when the MSC set up a training agency with inspectors but this was not successful because there were no benchmarks against which to measure centres.

Out of this came a desire to find a coherent set of standards for training and there were a number of initiatives developed in Scotland. A pack on standards was produced in Wales and this was soon adopted in Scotland. At the same time Scottish Enterprise had been set up and with it the Local Enterprise Companies (LECs) and they also devised their own system. Some LECs however wanted other quality systems such as BS5750 (the standards used by industry) or Investors in People (IIP) and this led to confusion for providers who were working with more than one LEC. At this point Scottish Enterprise in conjunction with SCOTVEC (now SQA) embarked on a consultation exercise to develop standards for education and training.

The development of SQMS pulled together elements from BS5750, which had its origins in manufacturing, and the human resource oriented Investors In People. In doing so, ten core management standards were created. These were: strategic management, quality,

marketing, staffing, staff development, equal opportunities, health and safety, communication and administration, premises and equipment, and finance. The ten management standards were set up to underpin the core business of Further Education and training which was: guidance, programme design, delivery and assessment. The introduction of SQMS initially met with some resistance from colleges because it meant private training providers who met these standards could provide similar training to that found in Further Education.

The current position is that any organisation that wants to have a Local Enterprise Company contract must be audited against SQMS - this includes colleges and other private training providers. Despite the initial opposition to SQMS, many colleges undertake LECs funded work and so they must pass the audit in order to be able to gain funding. Some LECs only make it a requirement to pass the audit for the parts of provision that are LECs funded but other LECs make it a requirement for the whole college or organisation. Audits are carried out on a contractual basis. Each LEC is responsible for arranging SQMS audits in their own areas and there are 26 LECs in Scotland. The first time an organisation is audited, they are audited against all fourteen standards. However, SQMS auditors only deal with twelve of these standards and specialised auditors are brought in to look at finance and health and safety. Thereafter auditing is cyclical where monitoring visits are carried out to look at a *selection* of the standards.

These two examples of quality audits give us some idea of the type of external monitoring of colleges that takes place using 'independent' advisers. However, in both cases, these audits are carried out by quangos whose link to central government is discrete but strong. Although in both cases, the emphasis is on devolved responsibility for quality within colleges, the colleges are nevertheless dependent on these systems in order to access funds and be able to run courses and training.

Inspections

Another type of audit is that of college inspection which is carried out by Her Majesty's Inspector of Schools (HMI). According to the HMI interviewed for this research, the inspection of colleges really only started in the 1960s with the expansion of Further Education. Prior to that time there had been some involvement from HMI who advised the Scottish Education Department who were, in turn, responsible for Further Education, but there was no formal, systematic inspection. In the 1960s, as Further Education expanded, the HMI were called in to advise on buildings, and so on and this led to the inspection of colleges in a more general way.

HMI also inspect Community Education, mainstream Primary and Secondary Schools, Pre-School Education, Special Education, Residential Schools, Boarding Schools, Teacher Education and the Educational Psychological Service. At one time, HMI were also responsible for Higher Education but this changed with the 1992 Act.

Although the HMI have no formal powers to affect the funding of colleges, they produce and publish reports on each college, which are now systematically inspected on a five-yearly cycle. HMI insist they want to see the college 'as it is' and emphasise their intention to support rather than criticise but most colleges spend months preparing for a visit as a negative report can be damaging to the reputation of a college which, in turn, can affect student interest in the college. In the college used in this case study an HMI inspection took place in 1999. This entailed months of preparation for all levels of staff and generated a huge amount of paperwork. This would support the notion that forms of scrutiny such as inspections do generate 'front-work', which is often seen by staff as an unnecessary distraction from their core activities.

Performance Indicators

Another technology that has become increasingly important within Further Education is the performance indicator. The importance and use of performance indicators in Further Education can be seen in '*Measuring Up:: Performance Indicators in Further Education*' a report published by HM Inspectors of Schools in 1990.

The report's aim was to identify the

'key concepts of effectiveness and efficiency, and the purposes and characteristics of performance indicators'. (HMI, 1990: Foreword)

This report was published at the same time as the introduction of the *Self Governing Schools, Etc. (Scotland) Act 1989*, which as we have seen was a precursor to many elements of incorporation laid out in the *later Further and Higher Education (Scotland) Act 1992*. Performance indicators were part of a raft of measures that were to lead to increasing devolved responsibility and accountability from the late 1980s onwards and it was with incorporation in 1993 that performance indicators began to play a significant role in governance of Further Education. In the 1990 report, the authors suggest that PIs are important for three main reasons. One was to enhance quality in the learning and teaching process, another was to improve accountability of centres, and the third was to ensure value for money.

The report also focuses on two particular aspects in the delivery of Further Education - effectiveness and efficiency. For the authors

'A college is effective when it achieves its aims and objectives'
(HMI, 1990: 1)

which, in turn, relates to

'the quality and quantity of outputs'(HMI, 1990: 1)

and efficiency is being effective

‘at an acceptable cost’ (HMI, 1990: 2).

The authors argue that the introduction of performance indicators ensures that a college is both effective and efficient. Although they concede that there is no single kind of management practice, the authors suggest that there are six basic principles that can be identified as common to all colleges in terms of management. These are: aims, policies, organisation, allocation of resources, leadership and evaluation (HMI, 1990).

Performance indicators can assist in the management of all these areas by: ensuring clear objectives and targets and those responsible for meeting these; providing a basis for resource allocation; assisting in the delegation of authority; motivating staff; monitoring progress and evaluating whether objectives have been achieved (HMI 1990).

The report sets out the features that characterise a performance indicator and these include reliability, validity, encouraging good decision-making and clarity. A distinction was also drawn between primary and secondary performance indicators. Primary indicators demonstrate the extent to which organisations have achieved their aims and objectives - especially in terms of efficiency and effectiveness. In this case, the primary PIs were Student Success Ratio, Post Course Success Ratio, Client Satisfaction, Quality Learning and Teaching Profiles, and Cost Profiles. On the other hand, secondary PIs were thought to be significant at a ‘local’ level and were designed to help senior managers in the decision-making process. These included Student/Support Staff Ratio, Teaching Accommodation, Average Lecturer Hours, Average Class Size, Student Completion Ratio and Success in Meeting Target Numbers.

The PIs referred to in the 1990 report have been refined since their development and they appear to have gained in importance in the college sector both at a local level and in

terms of reporting to central government. The current PIs that are reported to the Scottish Executive and which are used for annual reports, course reviews and so on are summarised below in Table 19.

Table 19. Summary of PIs

Student Retention Rate 1 (SRR 1)	Number of students retained beyond 25% of a course.
Student Retention Rate 2 (SRR 2)	Number of students retained until the end of a course.
Student Unit of Ratio by Unit of Learning (SARU)	Assessment credits achieved divided by the number taken.
Student Programme Achievement Ratio	Number of students achieving a programme or group award divided by the number registered for that programme.
Post Course Success Ratio	Number of successful students who gain employment or progress to Higher Education.

The weighted SUM, referred to in Chapter 6, is based on the Student Retention Rate 1 (SSR 1), which in turn is based on any student who is retained for more than 25% of the course. For example, in the college used in this case study, students started their courses at the end of August. The SSR 1 for these students would be the number retained after the first or second week in November. This PI is therefore crucial to the amount of money a college receives.

Secondary indicators such as staff/student ratios are used to guide internal management decisions, for example, whether classes and courses run and to signal whether departments are being efficient. If, secondary indicators such as staff/student ratios indicate inefficiency (low students numbers per member of teaching staff) then departments are required to take some action to balance the figures. This could be done by combining class groups to reduce the staff/student ratio or by raising lecturer contact

hours thus cutting back on part time staff, which then saves money on the staffing budget. In the college used in this case study, for example, the college set the staff/student ratio for Social Science students at 18:1 and for IT students at 15:1. Class contact time for a lecturer was twenty-three hours per week. If sections timetabled their staff for their full quota of hours this had the effect of reducing the work available for part-time staff. This had a detrimental effect on part-time staff but was 'efficient' in terms of a section's budget.

According to the HMI's own recommendations, performance indicators should encourage good decision-making and be unambiguous. As the use of performance indicators increase in importance it is becoming evident that they are beginning to affect the decision-making processes at national and local level. However, distortions caused by their use are also becoming apparent and there is some evidence of 'front work' and decisions taken to massage and manipulate performance indicators. One example of how performance indicators may change the nature of decision-making is in the way colleges offer group awards such as HNDs or gSVQs. Group Awards tend to have higher failure rates than individual units, therefore colleges may make the decisions not to offer group awards. Another example is students who are registered for a 2-year HND but leave after one year. Many do so because they have been offered a job or a place at university and may be awarded an HNC. However, registration for a two-year course means performance indicators show only a 50% achievement rate even though there has been a successful outcome i.e. work, progression and a qualification for all concerned. This means some PIs look poor or may even contradict each other, e.g. Student Success and Post-Course Success Ratio.

Problems in interpreting and using PIs were also recognised by the Scottish Further Education Funding Council and in May 2000 they issued a note for guidance on the use of performance indicators in which it said that the council had decided

‘to take action to improve the value and effectiveness of PIs in Further Education’ (SFEFC, 2000: Section 1).

This was in response to a benchmarking project that had been carried out by the Scottish Further Education Unit and funded by the HMI audit unit and which

‘drew attention to deficiencies in the present definitions of PIs’ (SFEFC, 2000: Section 1).

There were variations in practice in recording and calculating PIs and as a result

‘the data is not wholly robust, and is therefore of limited value for self-evaluation and quality improvement’ (SFEFC, 2000: Section 1).

In particular it noted that there had been a number of circulars issued over the years that had seemed to cause confusion. SFEFC therefore used the opportunity to clarify its definitions and calculation. In addition it has decided to conduct

‘a wide-ranging review of PIs, and of the scope for introducing a new or amended set of PIs, which is manageable in size but covers all major aspects of college activity including learning and teaching, strategic planning, and financial health. A priority will be to seek to use PIs which can measure value added, although the Council recognised that this may be technically challenging.’ (SFEFC 2000: Section 1).

So have performance indicators become a major tool in governance at national level and management at local level? McCulloch and Tett (1996) in a study comparing the use of PIs in Further and Community Education in Scotland point out that although the new managerialism in the governance of education emphasises decentralisation, this is within a framework of audit or financial control. The key indicators developed in 1989 were designed to increase efficiency and effectiveness and as a result of incorporation these measures have been refined and developed (McCulloch and Tett, 1996). Although the PIs for Community Education and Further Education were broadly similar, the authors argue that they are used differently. In Community Education the emphasis is on the qualitative aspect and self-assessment. However, in Further Education they are used as a

management tool within a hierarchical structure and in this way they are used as a means of resource allocation rather than as a development tool.

In the college used in this study PIs formed part of the self-evaluation process and external scrutiny procedures and were issued annually for staff and sections to monitor and evaluate their performance. Individual teams reported to senior management who then used the results for statistical returns and Annual Reports to the Scottish Executive. So, even if PIs were not robust, staff were placed in a position where these had to be used and it became part of the role of senior lecturers to review their section's work using PIs and their 'exchange' value in terms of deficits and profits.

Interviews

To ascertain the interpretations of the four technologies by key players, data from four interviews will be reviewed. This includes data from the interviews with the HMI, a senior manager and two auditors involved in SQMS and SQA audits. The senior manager referred to in this part of the research is different to the one referred to in the previous chapter

The relationship between the HMI, central government, PIs and inspection was explored through an interview with a senior HMI who had a particular responsibility for Further Education. This interviewee did see a general link between policy, inspection and funding. He felt that by measuring quality, HMI were measuring the extent to which colleges were delivering what they should be with public funds. If the government of the day wanted co-operation then that became part of the agenda for colleges. This would guide the HMI during their inspections to ascertain the extent to which colleges were co-operating. For example, in the strategic framework 'Opportunities for Everyone' there was a requirement for colleges to consult with their neighbours. This meant they were required to hold joint meetings (at least one) with Boards of Management from

neighbouring colleges. However, the interviewee stressed the HMI do not give direction on *how* co-operation might take place. They simply monitor how it is done and make judgements about its effectiveness. He pointed out that this co-operation does not have to be in the area of teaching but could be applied usefully to other areas such as health and safety, estate management, and so on.

The HMI admitted to a very close relationship between the HMI and the Further Education Funding Division. He said that there was a common interest in PIs because the funding division had a live interest in financial performance and the HMI in educational performance and performance indicators combined both of these interests. However, he stressed that the link between the HMI and the Further Education Funding Division was really only in an advisory capacity - it was not systematic. It might involve advising on the significance of particular PIs or giving possible explanations but it was the HMI published reports that were the barometer of how well a college was operating and that was not linked to the financial support of a college. He envisaged that the new SFEFC would continue with this close collaboration because he felt that PIs were a mixture of qualitative and quantitative factors and therefore both parties had something to contribute in getting them right.

However, he also felt that the HMI managed to maintain independence from any undue political interference because the HMIs did not derive their authority from the Scottish Office but they were appointed by the Crown. So although administratively HMIs were employees of the Scottish Office /Executive, they were there to serve the purposes of Parliament and not the civil service. He felt that this gave out a message within the Scottish Office/Executive, and the world at large, that the HMI had independent status.

Although the current HMI reports on inspected colleges quote performance indicators - especially the SPAR and the SARU - this had not always been the case. The PIs were formalised in the HMI report *Measuring Up* but HMI had only started using them

recently. The explanation for this was that, until recently, the HMI did not have confidence in the data, the way PIs had been interpreted and the data gathered. There had been some improvement because colleges were now obliged to publish PIs in their Annual Reports and this had encouraged improved data collection and application of performance indicators.

The HMI view of PIs was mixed. He said that in Further Education, performance indicators were proxies for precise measurements and there was no single way of measuring the performance of a college.. So, performance indicators were just that - indicators rather than measures. He felt, however, that PIs were the nearest one could get to measurement and that their simplicity meant that they were comprehensible. This made them more meaningful than having to use descriptive techniques about performance. In their reports, the HMI referred to PIs as one, but only one, source of evidence. The interviewee gave an example of this. If a report on achievement referred to the SPAR or SARU, it would also refer to what was happening in the classroom, to the quality of student work the inspectors had seen, and what happened to students when they had completed the course. The HMI might also refer to, but not quote directly, other PIs. For example, they might look at Post Course Success Ratio (PCSR) or Client Satisfaction but because of the imprecise nature of these PIs, difficulties in collecting this data and working out robust measurements, they would not use this consistently.

The interviewee gave the one example of difficulties in collecting data on client satisfaction. He posed two questions - 'How do you know when your clients are happy' and 'which method do colleges use to collect data'? The answer to these will generate different data. HMIs also looked at QLT - the Quality of Teaching and Learning - but he felt this was a rather synthetic PI and there had been a tendency to use this as a development device rather than as a performance indicator, as such. Another indicator was unit cost and although it was considered the HMIs rarely made explicit reference to

this unless it was to make a general statement that says a college has the highest or lowest unit costs in the country.

He felt the Post Course Success Ratio was unreliable because there were many contextual factors that affected this PI. For example, if there were no jobs then students would have difficulty finding employment. Likewise going on to higher education should mean more than simply gaining a place at university. This measure was only meaningful if progression itself is meaningful.

The HMI felt this was different from the SPAR or SARU as this measured programme or unit completion. For HMIs the SARU was stressed more than the SPAR because the SARU was a more robust measurement. The difficulty with the SPAR was that there was no real agreement about what constituted the completion of a course. In the case of Group Awards, this was less problematic but in Further Education many programmes varied in the number of modules/units offered so the question was the way the notion of a programme was defined. The interviewee said that HMIs would like to use the SPAR more, because they felt a programme was more meaningful than a collection of modules or units. So, achievement was seen as the single most important performance indicator because this was really the proof of the pudding in the objectives of providing a Further Education service. He said that if a robust outcome measure could be devised, then this would be the best way of actually telling what was working and what was not working.

The interviewee emphasised that no single performance indicator was ever conclusive and that was made clear in the reports produced by the HMI. PIs were one source of evidence only and must be viewed in the context of a college's overall work. He did not think that PIs were replacing the expertise of the professional but he did think that it was very important for course teams to get behind PI data to try to understand what they were showing. However, in the view of the HMI, the PIs were not being used well in colleges and this point was made consistently in HMI reports. Most colleges had some

sort of provision for collecting PI data because colleges had to make returns to the Scottish Office/Executive and in order to publish the PI data in their annual reports. However, there were problems at college level in the way definitions were interpreted and used and in the robustness of the data being gathered.

At another level - that of teacher/unit/department/team level - the interviewee felt the situation was much worse. He said there were many teaching sections that did not use PIs at all and even those who did, did not use them as systematically and purposefully as the HMI would like. The interviewee pointed out that when carrying out inspections, the inspectors regularly met classroom lecturers who did not know what HMIs were talking about when they referred to SPARs, SARUs and PCSR

He felt that at college management level, senior managers did know about PIs, what they were and how to use them. However, some colleges were collecting data because they were told they have to make returns - Further Education Statistics (FES) to the Scottish Office - but they were not using them at the level at which they could have an impact - course team or subject group level. The interviewee felt that until colleges started using their PIs in a systematic way they would not be able to ascertain why they were losing students or why students were not gaining qualifications. He felt some saw PIs as another bureaucratic procedure but that most serious, thoughtful teachers recognised their use - particularly the SPAR and SARU. He recognised that there were complaints about the amount of paperwork involved and the interviewee thought that this might be more than was needed. However, he felt strongly that the only way to improve quality was to gather accurate data and use it at course team level to make any improvements and he thought much of the negativity that was found among staff was about the bureaucracy and not about the *purpose* of the exercise.

The interviewee thought there was a hierarchy from the top to the bottom with senior managers having a good deal of knowledge down to part-time, casual lecturers who were

least likely to know about PIs. He thought the higher a person was in the management structure the more PIs should be secondary to their work. The HMI said that at national level, PIs were used with great circumspection because of variability in collecting and interpreting data. He felt that a similar caution should be applied at college level. However, as PIs were used closer to course team level, then there were fewer conditions attached. He gave the example of teaching a subject whose SPAR was fifty-five per cent. Only the course team would know the circumstances in which that was being achieved and which other teams in the college could be used as a benchmark. This meant a course team could use the PIs to much greater effect than a senior manager who was removed from the teaching situation. Colleges could draw up league tables of teaching sections or the department could draw up league tables at national level: but that was not the primary purpose of PIs. The primary purpose was to give individuals and groups a tool that they could use to improve quality.

However, the interviewee admitted that HMI do not spend as much time as they might disseminating information about PIs and he thought the perception of them in practice may differ from the way they were intended to be used. For example, the HMI had stressed that PIs were primarily for colleges themselves to use. However, senior managers in colleges were sceptical about this view and tended to see it in terms of league tables. The interviewee felt this was the wrong approach and if colleges used PIs as diagnostic tools they would be used to much greater effect. He also felt that since incorporation, colleges had been busy chasing SUMs and enrolment had been the name of the game. Although he was confident that quality had not dropped, it was still not receiving the attention it might.

Related to this was the HMI's general approach to quality. He felt that one could not impose quality from above. It had to be achieved by people who wanted to better their work - which tied in with the notion of a quality culture. The job of management, as far as he was concerned, was to create a culture and ethos wherein improvement was seen as

natural, and people felt confident and fearless about evaluating their own performance. Colleges could only claim to have a quality culture when they became capable of evaluating their own performance, because an objective, impartial evaluation of performance was the starting point for quality improvement. He felt the only way the sector would achieve this would be to create a quality culture which incorporated self-evaluation, which was the thrust behind the current thinking and practice of the HMI.

He thought the inspection process encouraged this to happen and two factors were important. One was the self-management of colleges, which placed the responsibility for improvement firmly *inside* the organisation. The second was the publication of the HMI reports, which allowed the public at large to read these reports. This meant that newspapers and local communities all read these reports - sometimes with negative comments from the press on particular aspects of an HMI report. This could be interpreted as management by the user but he felt it was up to particular governments to decide whether they wanted inspection to be driven primarily by the interests of the consumer or driven primarily by the interests of the professionals, or some mix of the two. He felt that having the reports in the public domain had been a powerful incentive to colleges to take them very seriously.

The HMI acknowledged that in future PIs might be used more to link quality and funding and that student achievement might be used more. At the time of the interview, the linkage was very small but the interviewee felt that the impact of this should not be underestimated. Even one or two percent of grant-in-aid funding could be significant because most colleges operate at the margins of profit and loss. If most of grant-in-aid funding goes on fixed costs such as lighting, heating and salaries then colleges need all their grant in aid to meet these basic costs. It was therefore in their interests to obtain as much money as possible and in this way funding could act as an incentive to increase student achievement.

In his interview, the senior manager expressed the view that there was a 'distance' between central government and college management. Although the weighting of SUMs was determined centrally and applied to all colleges, once the college received its funding, it was really up to the college how the money was spent. In this way there *was* devolved authority.. He said that essentially, the Scottish Office gave the money for what was being delivered and it was then up to the college to determine how they used that money. In the opinion of the this interviewee, central government did not control the college budget in any real way. Once the college received the money they could use it as they saw fit. Moreover, the efficiency model was devised *internally* and was tailored to suit the college's needs. The weighting for each section in the college largely came from historical data and the college had the power to cross-subsidise the national weightings by adjusting these for internal purposes.

The senior manager thought PIs had grown steadily in importance. Under the region, data would have been considered at regional level and the college management would have been largely bypassed. Furthermore, under regional control there was no Management Information System (MIS) and therefore there was no mechanism for recording and reporting in a consistent way. This probably resulted in wide variations between departments and although people would take things such as low student achievement seriously, they would not have called them performance indicators. Also, at one time most students were externally assessed through exams but with modularisation of Further Education courses through Action Plan it became more important to have some sort of database to monitor achievement.

He felt that since incorporation PIs had been one of a number of steady developments. The first few years after incorporation, more attention was paid to funding and getting to grips with the new funding regime and this meant there was less emphasis on performance indicators. However, in recent years that situation had changed and the emphasis on quality, the Scottish Office returns on PIs, self-evaluation and the proposed

introduction of a quality element to funding had increased the importance of performance indicators in the work of FE. He said:

‘I think they want to be able to justify..... They want to have public accountability for the service FE is providing, for the money they are putting into it, and they see one of the primary means of doing that is via performance indicators. And so I think they want a measure of that. I think if there is a reason for it taking a long time - for the colleges, in general, people would probably argue that they manage the quality themselves and there is always a problem when you have to generate numeric indicators for public accountability. And you can always argue that they are rough and they are not appropriate in certain circumstances. But, if you are going to have that public accountability at a national level you have to do it somehow and that’s the way it’s done. To be fair to the Scottish Office, we don’t have them built into the funding and maybe that’s a recognition that it is a complex issue and it takes a long time to deal with.’

The interviewee thought that after the publication of *Measuring Up* where the whole framework was articulated, the HMI and Scottish Office had been moving slowly, but steadily, to raise awareness of PIs. This may be because they did not want to place too many demands on colleges at the same time and, in the view of this interviewee, it would be ten to fifteen years after incorporation before the whole process would mature. Commenting on the importance of PIs to college management he said:

‘I think in general the status of performance indicators have become steadily more important. I’ve been in the college from just before incorporation and they were really just beginning to take them seriously at that point but that was probably only at a senior management level and what we’ve seen over the past few years is the performance indicators having a higher and higher profile within course review boards and with self-evaluation coming in there’s an even greater focus on it. So, it’s just been a steady increase in the importance that’s been given.’

He also thought that PIs were more important in relation to quality than funding

‘On the quality side then I think the PIs have been more important. Certainly, the Academic Standards Committee which is responsible for

reviewing performance indicators, they get regular reports and they have done for the past four or five years and I was originally a member of the Standards Committee for about three years and that was really to heighten the profile of performance indicators and to have someone who was able to give an MIS perspective on that and be able to inform the Standards Committee on performance indicators issues.'

However, as funding was not based on PIs then this was not affected. The college did report a range of PIs to the Scottish Office on an annual basis and in theory they might want to look at that. In commenting on the scrutiny of PIs in the inspection process he has a slightly different view from the HMI in this research. The senior manager saw PIs in this situation as being 'very important' but he said until funding became linked to PIs, the

'approach from the Scottish Office is quite a light one.'

The senior manager said the inclusion of a link to funding with PIs was just beginning to find its way into the colleges. He felt it was a hint to colleges of what might happen in the future. However, he himself, felt that this was contentious because if PIs were used for this purpose then college systems would have to be really robust in terms of reporting and he felt this was not the case, as yet. He said this may be one reason a link was being introduced gradually but he disagreed with the HMI that at the moment this would have any significant impact as the basis of funding was still on students who had been retained beyond the 25% mark.

As with the HMI, this interviewee felt it was important to see PIs as *indicators* i.e. they were saying 'there might be something worth looking at here' He felt the management in the college and the Scottish Office would be the first to admit that there would be courses in which particular performance indicators look really bad but there would be other reasons that justified running them. One example of this might be if student feedback and Post Course Success Ratio were very good but programme achievement was low.

‘I think that maybe we’ve come full circle, where probably in the past people were just focused on their own intuitive knowledge of what was quality in terms of doing a service for the students, is that to look back at those issues and say what are the questions and how do performance indicators help us to answer those. What does it tell us because they are just indicators. You could probably argue a scenario where all the performance indicators were bad but it was still worth running the course because the indicators are just indicators.’

He discussed the PIs used for internal college management. For example, the Staff/Student Ratio was used to make sure that the college was delivering efficiently and for keeping the college budget under control. Another PI that was used internally in relation to efficiency was the Teaching Contact Hours. Lecturers had to teach 23 hours to ensure maximum efficiency in delivery. They were also used by divisions to indicate the strength or weakness of particular programmes and might have an influence on whether a programme would run or not. In his view, however, they had less affect, on the *overall* management of the college because funding was based on the number of students enrolling on a course, and this funding, in turn, determined how many staff a college could employ. The effect of this was that it did limit the staff/student ratio. He said that the colleges did report staffing figures to the Scottish Office /Executive and they did work out the SUMs per FTE and use these when looking at a college’s overall performance but the information was not used for funding purposes.

The interviewee said the use of PIs to monitor efficiency within colleges had also become more important with incorporation. Under the regional authority, colleges agreed what courses would be delivered and the region supplied the requisite number of staff. Since incorporation, the college had a sum of money to deliver the curriculum and if they wanted to develop new or other activities then they needed to manage that as efficiently as possible. So, it was in their own interest to manage the student/staff ration and teaching contact efficiently. Before they worked with the staffing they were given and

there was no funding mechanism in place that rewarded colleges if they did more. In the present system

‘if you have excess staff and you’re able to run another part-time course, then that will generate more SUMs, so that will bring in more income. So, that could give you more money to do more courses the next year.’

He acknowledged however, that growth was restricted for full-time courses because there was a limit to the amount of money that was given at a national level and if all colleges grew then they were really ‘just cutting each other’s throats’. However, this did not apply to part-time courses and colleges could expand as much as they wanted in this area. This was beneficial for colleges because

‘At college level, the more you do then the more you get back.’

He felt management’s role in relation to PIs was to highlight their importance and increase their profile but not to go overboard about them. They had to ensure that PIs were used as indicators and not as *determinants*. Part of the purpose of linking funding with quality might be to try and ensure colleges did take quality seriously although at the time of the interview, the funding model did not state this.

He thought the interpretation of PIs by different staff was variable. At a general level, awareness and importance of PIs had increased but this had to be differentiated from people understanding them. His opinion was that the people most familiar with their use were the senior management and the divisional management - divisional leaders and section leaders. He thought that at individual lecturer level, understanding varied and probably depended on the extent of their involvement in the course review process, which was undertaken annually. This view appears to concur with the one given by the HMI.

However, he felt that the problem with performance indicators had been that they had not been given a high profile because they originated from the department responsible for CMIS (College Management Information System) department and the divisions had not yet taken ownership of them. This lack of ownership meant that discussion had been distorted and so,

‘a lot of the discussion to do with performance indicators has been to do with the accuracy of the data rather than looking at what the performance indicators are actually telling us and how can they help us to improve the course.’

The senior manager felt that one problem with the performance indicators that were currently in use, was that they did not address the central issue - what was the ‘added value’ when a student starts at a college? He was doubtful whether colleges would ever be able to answer that until there was a personal learning plan for every student. That would be the ‘ultimate PI’ because objectives would have been set and then achievement could be measured for each student. If this happened other performance indicators would become minor or secondary - apart from the Post Course Success Ratio, which would probably still be valid.

He thought that although the Scottish Office had developed the performance indicators used, they had not looked at the one he suggested because of the resource implications of being able to do a personal learning plan for each student and the amount of guidance time this would involve (although the model does exist because it has been used for students with special needs for a number of years).

In commenting on the range of existing performance indicators, he agrees with the HMI that individually, PIs are not particularly useful but if bringing them together then,

‘..... I think they are reasonably useful. You could have a course that has a bad SPAR but if it has a really good PCSR then it balances out and equally

with retention rates, but you have to look at them all together because one doesn't tell the whole story.'

The interviewee felt that the Student Retention Rate had been chosen as the basis of funding because it was easier to fund delivery on this basis as it was easy to see how many students had enrolled and how many had been retained. He thought other PIs were much more contentious and if data was not robust then it would be difficult to justify its use. He also noted that the funding mechanism and PIs were not sensitive to the background and socio-economic status of students. This had been a big issue for many colleges who had a high intake of students from disadvantaged socio-economic backgrounds and he felt this should be reflected in the funding of colleges because students from disadvantaged backgrounds need support in many areas to ensure they can succeed within the system.

His opinion on the transparency of PIs was mixed. He felt that the SSR2 - the measure of how many students stay to the end of the course - was problematic because it could lead to decisions in some colleges not to record withdrawal. Although colleges were not funded on the SSR2, it was an important indicator for the college because they needed to know whether students were completing courses. The other one that was problematic was the SPAR for non-group award courses. For example, if a student completed ten out of eighteen modules was that a success? The Scottish Office only asked for consistency within colleges, i.e. that success was measured in the same way for each course, but there was no national measure. Moreover, for some students gaining ten out of eighteen might be a success but for others this might constitute a failure.

In summarising the advantages of PIs, the senior manager made the following comments.

'I think the main benefit is just that it's an approach which is defined and standardised and it is done systematically. So, I suppose it's a kind of quality assurance, it's a sort of basic level, it's some basic checks that are always done and it's a benchmark by which you can measure things and make comparisons over years. Again, I don't think any performance indicators on

its own should ever be used to either drop a course or run a course. You've got to look behind it and see what it is saying. But I think the main benefit is the fact that it is standardised, and so it is a way of measuring some aspects of quality.'

On the other hand he recognised the disadvantages of PIs when he said

'In terms of the disadvantages, I think there is a great danger that we get distracted by them and we take our eye of the real issue. I think we should never forget that the real issue is the mission of the college - to provide a valuable and enjoyable learning experience - and you can lose that if you just focus on the performance indicators. There's a danger that if we don't get our systems organised right that it becomes a distraction in terms of questioning the accuracy all the time and getting into all sorts of arguments about data. And again, I think the danger is that you take your eye of the ball - that is the quality of the learning and teaching and things that are ultimately not measurable in a lot of cases.'

Interviews with quality auditors

For this part of the research the views of the two quality auditors were sought. The auditor who undertook SQMS audits only will be referred to as the SQMS auditor whilst the auditor who undertook both SQA *and* SQMS audits will be referred to as the SQA auditor.

The SQMS auditor, audited providers throughout Scotland. SQMS audits extended to the whole of Scotland, and because most colleges had some sort of LEC's funding they had gone through the SQMS audit. He felt his central role was assessing whether an organisation was meeting the standard or not. However he said that auditors had a secondary role, which was to offer development advice. At the end of every standard in the audit, there was a pointer to evaluate, review and act on findings and he felt that this encouraged a cycle of self-evaluation.

He thought the SQMS audit itself was 'heavily client centred' but that there was a problem in defining 'the client'. On the one hand it was the student, and on the other it might be the organisation that was sending the student to college or that was funding the student to be in college. The SQMS audit was

'designed to make the student experience as beneficial as possible so that even if it weren't the student who was paying for it, they would, of course, feed that back to their employer or whatever and say 'yes, this has been a beneficial experience.'

So on the whole, this interviewee felt the audit was designed to help both students and employers.

By and large, the SQA auditor agreed with this view. He felt that the force behind SQMS was an attempt to make centres responsible for quality, to encourage self audit and to use it as a development tool. In relation to SQA audit, the rationale was similar to that of SQMS. The main concern with SQA audit was to look at areas of development, good practice and enhancement. Feedback was given to colleges on all factors but also included highlighting the areas where improvement was needed. The aim was to make colleges work better and if there were serious faults then devolved elements could be taken away and this was the 'big stick' element in the audit. The colleges were really seen as the customers who were delivering the awards and therefore reports were as supportive as possible. This meant that the role of the auditor was both to support and manage but the emphasis was on supporting colleges to improve quality systems for devolved elements of awards. In SQA audits, the college itself was probably the main focus although the student or candidate would be seen as one source of evidence as would lecturers and documentary evidence.

The SQMS auditor felt that although some 'front work' might be produced by auditing he felt that auditors could easily get behind that. He felt that there had been a net benefit

in improved training although he acknowledged that the speed and extent of the improvement had been more problematic. In his experience this was

‘ strongly influenced by resource implications and not the desire to improve. In other words, if an organisation’s central concern becomes survival, quality is bound to take a back seat. Quality improvement, if you like, as opposed to mere quality assurance - I think they’ve found that hard.’

The SQA auditor agreed with this and admitted that the SQA audit was system oriented but defended this by saying that was the nature of their business and they needed to receive data, certify achievement and issue awards. This was the focus rather than what goes on in the classroom.

So, both auditors were in agreement regarding the place of audits in providing quality delivery. As the SQMS auditor said

‘the SQMS relates to quality in the sense that it is an overarching quality framework and that if organisations implement it effectively, then it results in a quality organisation. It is also a TQM system because in that in every standard there is a pointer that says ‘do you review this and act upon the findings’. That means that if SQMS is operating properly there is in place a system for permanent review of performance and if improvement results because of that then, theoretically, you should have a system which is dynamic and driving quality forward all the time.’

And the SQMS auditor was convinced of the benefits of quality auditing. One example he gave was health and safety. Before SQMS, health and safety was poor in many organisations or placements used for student experience. This had to be addressed before organisations could pass an SQMS audit and before any LEC contract was issued. It also focused on aspects such as guidance for students and insisted on programmes and training that were activity based. So, in these respects it could be seen as an improvement in training.

He also said that although it was never designed to be a management tool, he realised it had been perceived in that way in Further Education partly because the real questions were never asked. What Further Education managers wanted, at a global Scottish level, was information on performance and they sought to get that through performance indicators.

‘They didn’t ask the question ‘what does this group of students most need in this classroom in order to get the best training or education’. They said ‘what information do we need to present to ministers’ and that’s what drove a lot of the work they did on that.’

He felt that this was a pity as there was nothing wrong with knowing how many students pass units. It was useful information and although colleges had introduced the quality of learning and teaching profile it had been ungainly and awkward. He thought SQMS was a big advance on these early attempts but that some of the damage had already been done and

‘people saw these things as intrusive systems rather than supports.’

He envisaged, however, that a new generation of staff entering Further Education would look at things differently and probably come to realise that it was sensible to have systems in place that took account of the totality of experience in a college.

The SQA auditor concurred with these views. SQA audits had been running for a number of years, but not all audits were successful and, on re-audit, although some further elements had been devolved others had been removed. According to this auditor, the auditing of colleges had highlighted the huge range of quality between colleges and in this they were a success. Quality auditing was part of the movement to make things more transparent and people more accountable. It was asking for evidence that people were doing a good job and if public money was being spent then there must be evidence that it

was being used to good effect. Audits were making public sector organisations work in a more private, commercial manner and were encouraging them to be more accountable for what they did. They also encouraged organisations to see quality as an internal matter and a way to survive in a competitive environment. This was in the context of moves in the public sector to obtain value for money and to be efficient and effective.

However, this auditor admitted that often quality systems were driven externally and senior management laid down the rules. This could cause difficulty as staff needed to be convinced of its benefits and one consequence of this was that quality was seen as an imposition and not an aid. There were still some colleges who saw internal auditing as an imposition although he thought that attitude tended to come from staff lower down in the organisation rather than senior management. However, this tended to be a minority and on the whole audits had seemed to improve quality considerably. He also recognised that people were quite good at paying lip-service to quality while actually disparaging the mechanisms that measured quality. Sometimes these were seen as pointless and sometimes students' views were not taken seriously because teachers thought they had the expertise. However, the interviewee was also optimistic. He said that quality, audit and inspection were now part of the culture in Further Education and once people had become used to the jargon and had familiarised with the process they came to accept it.

In response to questions about the power of the auditor the two interviewees varied slightly in their answers. The SQMS auditor thought that intentionally or unintentionally audits could have two consequences. One was the straightforward financial implications of an organisation failing to meet the standards and what happened if the LEC eventually withdrew permission to run various programmes. The other was that it could be used as a weapon against the college management by the local press or vested interests and this had happened to one college in Scotland.

The SQA auditor said that although the audit reports of the SQA were not published they were (perhaps for that very reason) harder hitting than those produced by the HMI. The HMI reports tended to be couched in diplomatic language and often allowed readers to draw their own conclusions whereas the SQA report was more direct and colleges would be expected to respond to any points made in the report. If a college did not meet the standards then their devolved status could be removed. The interviewee said that although initially there had been some reluctance to remove devolved elements from colleges, once it was done it seemed to send a message to other colleges that this was not a rubber-stamp exercise and the quality audits gained in stature because of that.

He also pointed out that the SQA was not working as a monopoly provider because there were other awarding bodies in Scotland. The interviewee gave the example of a big college in Scotland where 30% of provision was credited by City and Guilds. He admitted though, that people tend to use Scottish qualifications, perhaps for patriotic reasons, but he felt that would not be the case if the organisation was bureaucratic and not customer oriented.

In responding to a question about the way audits exercise control and are controlled by central authorities the two auditors had broadly the same views. The SQMS auditor said that, although not directly related to funding, if a college or organisation failed an audit and did not take remedial action then the Local Enterprise Company would terminate their contract with them. He felt that although this did not happen very often, if it did it would be a serious problem because some colleges had large amounts of money coming in through LEC contracts. In terms of more general control, he felt that this was indirect. SQMS was mediated through two quangos - Scottish Enterprise (which was a subsidiary of the Scottish Office) and the Local Enterprise Companies. So, although there was a link to central authorities it was within the limits of the general control the Scottish Office had over quangos and the auditor believed that ministers themselves took very little interest in SQMS.

The SQA auditor highlighted another link between SQMS audit and finance. Again he pointed out that, although not directly controlled through audit, the LECs and thereby colleges or private training providers, were controlled through the amount of money they received from Scottish Enterprise. If Scottish Enterprise had its budget cut then this usually meant the amount of training was reduced because this was the area in which they could trim their budgets. In this way, those who relied on the LEC's contracts lived from year to year. The audit was important because if any cuts were made they would be with providers that were not meeting the standards. Because there was pressure to gain access to money, colleges and providers use all means to do so. If they could produce evidence such as an SQMS audit then this was a strong marketing tool.

Also, this auditor did not see the SQA audit as 'control'. He said that the role of the SQA audit was not one of control but rather a contract that was part of a planned relationship. He felt that colleges welcomed this because it allowed authority to be devolved from SQA as an awarding body and brought some 'kudos' to a college because they were seen as competent at running the quality aspects of their awards. However, he recognised that college managers might use it as an opportunity to ensure everyone was working to the same system and involving staff in quality issues - which had sometimes met with resistance. According to this auditor, the initial audits were quite difficult because they were very high profile and senior managers in colleges did not want to be seen to be failing or not meeting quality standards. In this way there had been a lot of pressure on staff not to let the side down.

Another area of discussion in these interviews was related to the notion of 'steers' and whether the audits influenced the direction of strategy or policy within colleges. The SQMS auditor did not think that SQMS influenced Further Education to any great degree. He said

'I don't think so because of the relationship to the Scottish Office. Lets start with FE colleges. Further Education colleges respond primarily to the funders and the biggest funder is the Scottish Office. When they're presented with a circular to do x, y or z, by and large they do x, y and z, and the HMIs are dispatched to encourage them. SQMS is a framework....was a useful framework for colleges and all the more useful that the Scottish Office link their performance indicators to it and their self-assessment system to it. But, I don't think it drove colleges.'

and

'Similarly, take the non-FE sector. What drove them were the LECs not SQMS. In other words, if the LECs said 'you will get a thousand pounds per Training for Work person and another five hundred if they've got special needs' that would make a training provider move. Or the Skillseeker group, for example, if the age group that was entitled to Skillseekers being changed in different LECs. So, the organisations that had taken on youngsters who suddenly came outwith the funding parameters withdrew from that as fast as they could. So, that's the central driving force, in terms of what's changed curriculum in terms of training in FE and the non-FE sector has been money.'

However, he did agree that who was funded became a political decision.

'FE and non-FE providers have been pushed and pulled, you can see that in some courses: there's been enormous growth in particular areas, only to discover that it's cut back later, and so on, and they find themselves in difficulty. And others have done very well, some have managed to.....the non-FE sector now is definitely shrinking, the collapse of Training for Work and the reduction of monies available through things like Skillseekers, and so on, and the fairly comparatively low rates of money and low numbers going through New Deal has meant that in the ***** area, for example, four, five, six training providers have closed in the last year or so. So, they're not doing well in the current climate.'

In relation to the place of PIs, both auditors had similar views to that of the other interviewees discussed in this chapter. The SQMS auditor saw SARUs, SPARs and retention rates as useful but he stressed they were not part of a quality system. He also felt that the HMIs could be 'over interested and over anxious' about their use and he felt the messages coming from the HMI about their use was not always clear. The SQA

auditor agreed with this and said that SQA audits were not really concerned with PIs in a rigorous way. The main indicator for SQA was the number of holds on certification, which may indicate something wrong with the system, verification or assessment.

Discussion and conclusions on audits, inspections and PIs.

We can conclude from this data that the use of audits, inspections and PIs are significant technologies in the management and governance of Further Education for a number of reasons.

First, they provide evidence for the increase in the 'grey sciences' suggested by Rose (1996). Financial audits, quality audits, inspections and performance indicators have all increased in importance since incorporation. As such they can be seen as a feature of devolved government, increased managerialism with a concomitant increase in number crunching, paperwork and staff time.

Second, the range of technologies reviewed, demonstrates both direct and indirect control of colleges. Financially, audits are necessary because of the legal status of colleges as companies and although independent auditors are used, the college is ultimately responsible, through the Principal as Accounting Officer, to the Executive in Edinburgh. The cost of financial audits is also borne by the colleges themselves.

The quality audits are more indirect in that they are carried out by 'arm's length' bodies. However, both SQMS and SQA audits are carried out under the auspices of quangos - SQA and Scottish Enterprise via the LECs. As these agencies are, in turn, closely linked to the Scottish Office/Executive, the neutrality of these agencies should be questioned. Also, even if we accept that the audits involve only indirect control, they are still necessary for colleges to carry out their work and in some cases, to access funds as is the case with SQMS and the LECs.

Inspections are also a form of audit and monitor the overall performance of a college in a direct way and despite the technical claim that they work for 'the Crown', HMIs have a responsibility to ministers under the *Further and Higher Education (Scotland) Act 1992*.

Although, HMIs do not have direct powers over the colleges, their reports are published and these can be used by users, the public and the press to influence the behaviour of colleges. This point was also made in relation to the SQMS audit, where the auditor gave an example of a college in Scotland where the press took up the issues raised in the audit and made these a matter of public debate.

Fourth, the role of the user in relation to these technologies is ambiguous. As we have seen above, the user may be used as a form of management in terms of their response to reports, inspections, and audits. However, in both the cases of the quality audits and inspection there is a tendency to concentrate on systems, although all the interviewees argued that in the end an increase in quality always benefits the end user.

Finally, the interpretations of these forms of control and scrutiny by the key players suggest some ambivalence. In the interviews there was a strong sense that the interviewees had to some extent 'internalised' the messages about audits, efficiency, effectiveness, quality and so on. Without casting aspersions on the genuineness of the interviewees, in some way it could be argued that this was to be expected. All interviewees were in official positions and so had both an organisational position to uphold as well as a sense of personal integrity in doing a job they believed in.

However, it is also clear that they recognised areas that were 'contested domains' such as what constituted efficiency, achievement, and so on. They also recognised that their view was not shared by everyone. So although there was coherence among the four interviewees about the benefits of audits, inspections, performance indicators, and the need for internal responsibility in devolved systems, they recognised that others may have difficulty with systems that appeared to monitor and scrutinise their work.

These views coincide with the findings of Randle and Brady (1997) who found in their study of an English college in the 1990s, that there was both overt and covert resistance

to official surveys and that academic/lecturing staff and managers perceived quality in a different way. Lecturers considered it an imposition, which called into question their professional autonomy. They also felt that the student/lecturer relationship had become distorted because the student had become a 'surrogate surveillance device' through such things as the complaints procedure.

However, the SQMS auditor made an astute point regarding the reluctance of some staff to accept quality control when he said:

'The problem is I wouldn't tolerate that in any other walk of life. If anyone for a minute suggested that the person who built my plane thought about quality in the same way I'd be affronted, or the person that meant to do an operation on me. In other words, all these systems, policies, procedures are there actually to make sure that what you do in the classroom is a good job.'

This view encapsulates part of the dilemma for those delivering public services at a time when accountability is seen as important and is demanded by users of such services. Particular technologies might be perceived as negative by those delivering the public services because of concerns over 'surveillance' of work practices, yet at the same time these technologies might be viewed as an assurance of good service by the user. And this argument may be difficult to counter given that, from evidence presented in this thesis, many of those working within the public sector acknowledge the importance of the user.

Perhaps the questions that should be asked are how those in power choose to use these forms of scrutiny and to what purpose? As we have seen in the previous chapter on funding methodology, funding cannot be decoupled from the political context within which decisions are made - whether that be at a national or 'local' level - and this argument can also be made of other technologies such as audits, inspections and performance indicators. The political and managerial rhetoric within the public services reinforces the view that these mechanisms have been put in place as systems of support but considered alongside other factors such as efficiency, effectiveness, performance and

value for money it is easy to see why, in an uncertain environment, negative perceptions have arisen. In themselves, these technologies can be characterised as innocuous but the political factor in their use will ultimately decide whether these are used as forms of control or tools to improve services.

Chapter 8: Conclusion

The conclusions from my research are based on the themes, issues and proposals outlined at the end of Chapter 1 and Chapter 2 of this thesis. In these chapters, I stated my intention to examine the way 'freedom' had been used as a rationality of government to introduce market reforms to the Further Education sector in Scotland and whether this had been 'successful'. I also proposed to examine the way specific technologies of government had been used to meet these objectives and the way changes and processes were interpreted by a range of key players. Lastly, I proposed to explore the consequences of the reforms in Further Education and answer the questions 'what form of organisation characterises Further Education at the beginning of the 21st century and what does the future hold for Further Education'?

In reviewing the data and discussions in this research, I have concluded that the reform of Further Education *does* illustrate the way freedom has been used as a rationality of government to bring about changes in the public sector of which the Further Education sector was one example.

In *The End of Ideology*, Daniel Bell (1988) noted a change from 19th century ideologies, based on humanist and universalistic values and driven by social equality and freedom, to new ideologies, whose basis is practical and instrumental and which are driven by economic and national considerations. This can be seen in the reform of the Further Education sector which, in common with other public sector reforms, was driven by the ideology of neo-liberalism which espouses 'the market' as the best way of organising complex societies and which believes that state intervention should be minimal.

The legislation relating to Further Education, brought forward by Conservative governments in 1989 and 1992, clearly had in mind the establishment of market principles

and an increase in the responsiveness of the Further Education sector to the needs of industry and commerce. Coupled with this was the desire to 'roll back the state' by introducing a form of governance and control that would place the Further Education sector firmly at 'arm's length' from central government but at the same time, ensure that key aspects - strategy, funding and inspection - were kept under the control of central government.

However, as Bell (1988) has suggested, a rationalistic analysis of politics is insufficient to our understanding of ideologies and it is necessary to look for the structure of interests that underpin political ideas. In other words, it is not the content of ideas with which we should be concerned but with the function of ideas.

This is clearly illustrated if we look at recent public sector reforms. As well as the stated aim of introducing market principles to the public services, we can see that these reforms also met other objectives of the Conservative administrations of the 80s and 90s. One objective was the dismantling of power of particular groups. This included professionals and local politicians who were seen as having too much power and who were considered to be holding back efficiency and progress in the economy.

In the case of Further Education in Scotland, it was taken out of regional authority control in 1993 thereby diminishing the power of local councils both in terms of influence over Further Education policy and in terms of loss of budget. The oversight of Further Education was given instead to college Boards of Management who, government believed, would be more representative of the needs of local communities. This 'local' control was supported by other non-elected bodies such as the Scottish Qualifications Authority, the Scottish Further Education Funding Council and Local Enterprise Companies who, as we have seen, have variously monitored different aspects of the work of the Further Education sector.

So, although the stated aim of 'rolling back the state' may appear to have been achieved, other outcomes have also resulted. Local power has been disintegrated through the reorganisation of local authorities and, in relation to Further Education, has been replaced by undemocratic bodies such as the Boards of Management and the Funding Councils whose members are unelected. At the same time, central government retains crucial aspects of control and thus it can be argued that central power has been strengthened but, because of devolved responsibility to colleges, this is not immediately evident to the casual observer. This supports the notion of a centralised/decentralised model that is now the common form of organisation in most public services.

In terms of central control, funding and funding methodology have probably had the most visible impact on the direction of a college, as colleges rely on funding for their survival. In the evidence presented, funding was identified in several instances as giving a 'steer' to the work and direction of Further Education. However, other technologies exert control in a more diffuse and indirect way.

The use of technologies such as audits and PIs demonstrates the way government can monitor and steer organisational behaviour 'from a distance'. This can be seen in the devolved power granted to non-departmental government bodies - the quangos, such as the Boards of Management, the Scottish Further Education Funding Council, the Scottish Qualifications Authority, Scottish Quality Management Systems, Local Enterprise Companies - who carry out monitoring. Control may also be exercised through such things as the threat of the withdrawal of contracts so that colleges cannot operate fully, or through the 'user' - whether that is individual, public or press - responding to inspection or audit reports.

The evidence from this research also supports the notion of the 'enabling state' (Walsh 1995). As discussed in Chapter 2, the enabling state is one where standards are set by government but are checked by other agencies and delivered by private or autonomous

organisations. Further Education is a good example of this. The legislation of 1992 gave colleges the status of private companies and central government set standards through the Her Majesty's Inspectors.

In *Work, Authority and Industry*, Bendix (1956) discusses the decline in traditional forms of compliance in industrialised societies and the need for each society to incorporate new ideologies into its political and economic structures. He suggests that in non-totalitarian societies this is through good faith and managerial ideologies that seek to persuade the workforce to conform to work practices through psychological manipulation rather than blind obedience. Whilst it is true that Further Education was managed through consent prior to incorporation, the introduction of market principles has seen new forms of manipulation emerging. Devices such as funding methodology, audits and performance indicators all contribute to a system of incentives and penalties that exercise both psychological and instrumental control over those working within the sector.

It is indisputable that managerialism has been a key feature of all public sector reforms and with the incorporation of colleges this aspect also became a significant aspect in the organisation of the Further Education sector. As we have seen, although colleges have always worked within bureaucratic administrative systems, they were governed under principles that conformed to the 'ideal type' of bureaucracy discussed by Weber (1922) and Merton (1968) and this changed with the decoupling of the Further Education sector from Regional Authority control.

In Chapter 2, I discussed Clarke's (1994) view that the new managerialism had four features - managers entering public services from different background; the growing representation of business and enterprise on boards of management; involvement of non-elected bodies such as quangos; and the bureau-professionals taking on a management role. From the data and interviews all four are evident in this case study. For example, the senior manager who moved from industry to education to management; concerns

about the lack of business experience on College Councils and on Boards of Management; and the very visible presence of quangos in the monitoring of Further Education.

However, the promised decrease in red tape that was part of the new managerialism's appeal has not transpired either in Further Education or the public services as a whole. Rather the opposite is the case and the increase in many aspects of bureaucratic work since reform supports both Rose (1996) and Sayer (1996) who predicted a rise in 'grey sciences', audits, use of PIs, and so on. Although couched in terms of 'support', 'development' and 'advice' the interviewees in this research did acknowledge that their work was not always viewed as such and, particularly with staff in the lower echelons of the college, audits, PI returns, course reviews, and so on, were considered as impositions.

However, despite reform and although FE colleges are characterised by increased managerialism, they have not become market organisations. Rather they fall somewhere in the middle of Williamson's hierarchy/market continuum (Williamson, 1975). With incorporation came monetisation, marketisation and the introduction of new procedures to ensure accountability and it is these mechanisms that have spawned new bureaucratic forms of control such as audits, inspections and reports to the funding councils.

Although the aim of introducing a Board of Management was to encourage 'flatter' M type forms of organisation, the extent to which this has happened must be questioned. I would suggest that this is because one model - a flat structure - has been imposed on another - a hierarchical structure - and this results in a hybrid model that confuses everyone and suits no one. This would support Naschold's (1996) notion that market principles have been introduced to the public sector in UK but without significant changes to other aspects such as labour processes.

The interviews with six key players demonstrated that there were different interpretations on specific aspects of the reform. Clearly, interpretations reflected the different roles the key players had within, or in relation to, Further Education. There were areas of broad agreement in that no interviewee questioned the devolved structure of Further Education, the move to become efficient and effective, and the emphasis on developing quality 'from the inside'. In fact, these elements *appear* to have been internalised and accepted by all the interviewees. Where disagreement did arise it was related to the definitions of efficiency, achievement and so on. All the interviewees also acknowledged that many staff in colleges did not/would not agree with their perspective and that there were areas that were clearly 'contested domains'. This would support the views given by Randle and Brady (1997) and in the Coombe Lodge Reports (1994) both of which highlighted resistance among staff to aspects of reform and new forms of surveillance.

One conclusion, therefore, is that most of the personnel experiencing these changes were involved in them before they were properly articulated. The move to the market philosophy and mechanisms and the concomitant managerialism was not embraced in a positive pro-active way and many areas have been contested. Rather, it has crept into the strategies and operations of the sector insidiously until the organisation of Further Education had gone so far down the reform road that there was no longer any choice to revert back to old procedures and practices: new forms of thinking and doing emerged and became embedded - too deeply to be unravelled.

So, the unintended consequence of reform has been to produce a form of organisation which adopts the language of enterprise and innovation but which is often moribund in traditional ways of working and practices, which pay more attention to procedure than outcome.

This form of organisation has been further complicated by the change in government in 1997 and the ensuing political philosophies and policies. Although the Labour

government has been less clear about the market as an ideology, in practice it has embraced parts of this philosophy as enthusiastically as the previous Conservative administration and this has led to mixed messages for the public sector.

In relation to Further Education, the neo-liberal conservative philosophy and the *stated* objectives of the Conservative government were modified by the Labour administration of 1997. For example, both the Westminster and Scottish administrations have said quite openly that unbridled competition has been detrimental to the sector and, in Scotland, policy statements and funded ventures have sought to encourage collaboration as can be evidenced by the 1998 Comprehensive Spending Review, which allocated 3 million pounds for collaborative and innovative ventures within Further Education and the 2001 Further Education Funding Council's report on collaboration and rationalisation between colleges. Yet is this all it seems?

'The market' is no longer the beacon that guides the practices of colleges and it has to some extent lost its ideological sting. However, whilst open competition, which is the oxygen of the market system, has been dropped from the political landscape of Further Education, the drive for efficiency, effectiveness, accountability and value for money have been retained. Although the Labour government now look at collaboration as the way forward, this administration has kept the notions of efficiency and effectiveness very much to the fore, there has been no change to the mechanisms of control and surveillance that ensures accountability to the centre, and the technologies introduced to support the market ideology have been used successfully by the Labour government to attain their own objectives.

This leads us to ask whether the hybrid model of organisation is to some extent a managed market? There is some support for this argument given that discourse of the market and market awareness remains and that central government uses technologies

such as funding, funding mechanisms, audits and reports to manage the supply and demand within the sector as a whole. However, the 'real market' has not transpired and the emphasis on accountability, efficiency and effectiveness would suggest that the market is less important than fulfilling wider political and economic objectives in relation to the public sector and curbing the power of those working within the public services. Moreover, it could be argued that need for centralised control has become the overriding aspect of the organisation of Further Education and, in common with other services, the decentralised/centralised axis now becomes more useful in explanations of processes within the public services than the market.

As we have seen, the centralisation of power whilst devolving responsibility to local level allows control over policy and funding but demands accountability and responsibility at a local level. Thus, the centralising/decentralising tendency has been kept by this present Labour administration - but not in relation to the market. The ideology of 'freedom' and its related notions of the 'market' have been the Trojan horse, which introduced the new public management with its technologies of control and surveillance. The usefulness of these have been recognised by the Labour government even though the new bureaucracies that have arisen from such technologies are onerous on public sector organisations.

So, although the new public management was underpinned by the philosophy of the market, it has been used, as have all public services, for another. The new form of organisation that has emerged in the public sector - and as has been demonstrated here, in Further Education - can now be used for purposes of government - whatever their colour.

However, it would be wrong to see this new form of organization as advantageous only to the politicians and it can be argued that changes in the political landscape and subsequent policies have allowed the changes wrought in Further Education in the 80s

and 90s to work to its advantage by ensuring that central government retains a strong grip on the direction of, and delivery within, the sector.

As we have seen, the changes in Further Education, demonstrate the highly politicised nature of the changes that have taken place. Bell (1988) has suggested that the ideologies within the workplace reflect wider political and economic structures. At a time where narrow instrumentalism takes precedence then it is hardly surprising to find public services reflecting similar concerns. This narrow instrumentalism can be seen in both the view of 'the market', which seeks optimum benefit for the seller, and in the thinking of the present Labour administration, which seeks to achieve economic objectives through a pragmatism which claims to be divorced from any overriding ideology.

One criticism of Further Education discussed in Chapter 1 was the notion of 'strategic drift'. The argument made was that although vocationalism and voluntarism were strong themes in the early development of the Further Education sector, there had been an increasing dissipation of any ideals or sense of sectoral identity (Hall, 1994; Green and Lucas, 1999). This strategic drift has been highlighted by some as a weakness in Further Education leading to a lack of cohesiveness and leaving it exposed to a diminution in conditions for those who work within the sector (Green and Lucas, 1999; Randle and Brady, 1996)

Nevertheless, despite these criticisms, it is my contention that this very lack of identity and ideals, together with the change in governance of the Further Education sector which has led to new bureaucratic forms of organisation, has made Further Education adaptable in a way that suits the political philosophies of different governments thus ensuring the survival of Further Education in a shifting political landscape.

It is the paradoxical lack of definition in the philosophy of the present Labour administration which at the same time adopts a concrete pragmatism that makes both the hybrid model and strategic drift that have developed through the changes in Further Education, eminently suitable for the political moment.

The uncertainty of the 'market' has given way to new but familiar bureaucratic practices. And, it could be argued, that this is necessary. If wider ideals have been forsaken, as some critics argue has been the case, then this has been Further Education's saving grace and the chameleon character of Further Education has been a crucial aspect of its survival. Further Education has adopted many of the practices of managerialism, surveillance and control and although the bureaucratic systems might be viewed and received negatively by the individuals involved, the sector as a whole has managed to maintain an important presence and, in some case, made itself indispensable to the implementation of a range of government policies such as social inclusion, widening participation and increasing numbers in Higher Education.

What was used as a rationality of government - freedom - has been transformed into something different. The hybrid form of organisation and strategic drift have both been unintentional consequences of that rationality but the maintenance of the decentralised/centralised model of control shows that governance itself is a rationality spawning supporting technologies that can be used by governments of whatever persuasion, whether they are driven by seemingly ideological forces - freedom - or supposed non-ideological policies such as the third way.

Given the changes experienced in Further Education over recent years, what is the future for Further Education? The place of Further Education seems assured because of its importance in lifelong learning but with new forms of learning, e.g. web learning and workbased learning, is the future as secure as it seems? At this moment, the sector in Scotland is facing uncertainty with a recent consultation on mergers between colleges.

With 46 colleges in Scotland and an uncertain pool of Further Education learners, the sector is preparing once again for change. As we can see from this research, Further Education is an adaptable beast and for this reason its continuance is assured although, as history has shown, this may be in a different form from that found today.

APPENDICES

Appendix 1

FE colleges in Scotland

43 Incorporated colleges

3 colleges have different funding arrangements and are marked *

1. Aberdeen College
2. Angus College
3. Anniesland College
4. Ayr College
5. Banff and Buchan College of Further Education
6. The Barony College
7. Bell College of Technology
8. Borders College
9. Cardonald College
10. Central College of Commerce
11. Clackmannan College of Further Education
12. Clydebank College
13. Coatbridge College
14. Cumbernauld College
15. Dumfries and Galloway College
16. Dundee College
17. Edinburgh's Telford College
18. Elmwood College
19. Falkirk College of Further and Higher Education
20. Fife College of Further and Higher Education
21. Glasgow College of Building and Printing
22. Glasgow College of Food Technology
23. Glasgow College of Nautical Studies
24. Glenrothes College
25. Inverness College
26. James Watt College of Further and Higher Education
27. Jewel and Esk Valley College
28. John Wheatley College
29. Kilmarnock College
30. Langside College
31. Lauder College
32. Lews Castle College
33. Moray College
34. Motherwell College
35. North Glasgow College
36. Oatridge College of Further Education
37. Orkney College of Further Education *
38. Perth College
39. Reid Kerr College

- 40. Sabhal Mor Ostaig *
- 41. Shetland College of Further Education *
- 42. South Lanarkshire College (previously Cambuslang College)
- 43. Stevenson College
- 44. Stow College
- 45. Thurso College
- 46. West Lothian College

APPENDIX 2

Range of matters considered in relation to Further Education by the committee

	1970s	1980s	1990s	All
<i>Committee matters</i>				
Sub committee members	0	2	0	2
Association of Colleges	1	0	0	1
Retiral of principals/others	1	2	0	3
<i>College property and issues for capital funding</i>				
Establishing new colleges	2	2	3	7
Merging of colleges	0	1	2	3
Naming of college buildings	0	1	0	1
Lease of buildings to colleges	0	7	4	11
Capital funding for building and maintenance	6	2	1	9
Minor works programme	2	0	0	2
Letting charges	0	1	1	2
Equipment for colleges	0	2	0	2
Changes to structure	0	1	0	1
<i>Management of colleges</i>				
Course fees	3	3	3	9
College council reports	2	0	0	2
Constitution for college councils	3	1	1	5
College Management Information Systems	0	0	2	2
Enrolment	1	0	0	1
Reports	0	4	2	6

Projects and developments in Further Education

School/college links	0	0	1	0	1
Special Educational Needs	0	5	4	9	
Developments in Further Education	0	0	1	1	
Projects in Further Education	1	0	0	1	

Practical considerations

College calendar	2	0	0	2	
Refectory prices	2	1	0	3	
Child care facilities	0	0	2	2	

Student matters

Further Education bursaries	3	4	11	19	
Bursary appeals	0	3	1	4	
Charges for accommodation	0	2	0	2	
Site for student accommodation	1	5	1	6	
Learning agreements in Further Education	0	0	1	1	
Constitutions for Students' Association for individual colleges	0	0	12	12	
Student exchanges	0	2	0	2	
Top-up loans for students	0	0	2	2	
Other student issues	0	0	1	1	
Student union fees	0	2	0	2	

Staff issues

Consultation work	1	1	0	2	
Remuneration of staff	3	0	0	3	
Financial assistance for staff going on courses	2	1	0	3	
Staff leave of absence for individual staff in colleges	2	11	0	13	
National guidelines for staff development and appraisal	0	0	3	3	
Salaries and staff conditions	2	3	0	5	
Appeals against disciplinary decisions	1	0	0	1	
Technical/academic assistance to overseas colleges/universities	0	2	1	3	

Courses and curriculum

Day courses	1	0	0	1
Industrial training board courses	4	0	0	4
National Coal Board - courses	0	1	0	1
Further Education curriculum guidelines	0	1	0	1
Course provision at individual colleges	1	5	1	7
Scottish Wider Access Programme	0	0	5	5

Quality issues

CNNA report	0	1	0	1
SCOTVEC quality assurance	0	0	1	1
Quality assurance for HNC/HND courses	0	0	2	2
Quality assurance related to academic and course guidance	0	0	1	1

Reports, papers and new legislation

Reports on post-compulsory education	0	2	0	2
Legislation: Self Governing Schools Etc. (Scotland) Act	0	0	6	6
Legislation: Further and Higher Education (Scotland) Act	0	0	5	5
Laboratory animals Rights Bill	0	2	0	2
Marketing initiative 'Fast forward'	0	0	1	1
Refugee charter (F.E.)	0	0	1	1

APPENDIX 3

Range of matters other than those directly related to Further Education, considered by the Further Education sub committee

	1970s	1980s	1990s	All
<i>Unemployment</i>				
Unemployment measures	0	1	0	1
Unemployment statistics	0	12	0	12
<i>Careers</i>				
Careers service - development, funding, staffing.	1	4	21	26
<i>Youth issues</i>				
Youth unemployment statistics	0	0	2	2
Youth labour market trends	0	0	10	10
Youth training	0	2	6	8
Youth initiatives	1	3	5	9
Youth charter	0	0	1	1
School leavers destination figures	0	0	5	5
<i>Funding</i>				
Grants to voluntary organisations	15	34	42	91
Financial assistance to voluntary organisations	8	21	6	35
Urban aid funding	0	23	1	24
Urban aid projects	0	18	13	31
Funding for building and maintenance	3	17	2	22
Scholarships	0	0	1	1
European Social Fund	0	0	2	2
OU fees	1	2	0	3

Community Education and other adult education services

Youth and community services	10	3	13	26
Community education	8	41	13	62
Adult literacy projects and adult education	3	7	5	15

APL & Open learning	0	0	2	2
Play schemes	0	2	0	2
Scottish universities	1	0	0	1
Letting charges & equipment	0	0	4	4
Advisory group - women's issues	0	0	1	1
Qualifications for staff	0	0	1	1

Employment initiatives

Employment projects	0	4	3	7
Prince's Trust programmes	0	0	1	1
MSC	0	3	0	3
Community industry	0	1	0	1
Links with industry	0	1	0	1
Community work	0	2	0	2
Vocational training & ESF	0	0	2	2
Industry training and YOPS	1	2	0	2

Miscellaneous matters

Conferences	4	5	2	11
TU and Employment Rights Bill	0	0	3	3
Tackling racist incidents	0	0	2	2
HIV awareness	0	0	1	1
Representation on RSAMD board	1	0	0	0
Pageant of Scottish Youth	2	0	0	2
Gaelic language promotion	1	0	0	1
Duke of Edinburgh award	1	0	0	1

APPENDIX 4

- 'Old' College Council [i.e. prior to Self Governing Schools (Scotland) Act 1989].
- Taken from minutes of meetings held between June 1989 and October 1990.
- Number of times each item was referred to or discussed.
- Arranged under groupings to help with analysis.

Council administration

Resignations from council	2
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Reports from sub-committees

Board of Studies items	4
Minutes of Staffing sub-committee	2

Management issues

Management consultancy	1
Annual Management Restructure	1
Management of Further Education	1
Development Plans	3
Management Information Returns	1
Performance Indicators	1
Summary of Fee income 89/90	1
Academic Staff - shortfall in FTE	1
Staff appraisal	1

Quality issues

Enrolments	2
In course survey	2
HMI visit - interim report	1
HNC/HND results	1

Courses

Full cost short training courses	1
Access course expansion	1

Practical considerations

Crèche	5
Parking	3
College calendar	1

Reports, papers and conference attendance

Freedom of speech in further and higher education	1
Post compulsory education - report	1
Conferences	1
Report on New College Councils	1
Self Governing Schools (Scotland) Bill	2

Student matters

Student Representative Council items	1
Access fund	4

Miscellaneous

Cheese and wine evening	1
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APPENDIX 5

- 'New' College Council (nominated as a result of the Self Governing Schools (Scotland) Act 1989.
- Taken from minutes of college council meetings from October 1990 - June 1992
- Number of times each items was referred to or discussed.
- Arranged under groupings to help with analysis.

Council administration

Election of Chair	1
Election of Vice-chair	1
Training for new members	1
Terms of office	1
Approval of Council Constitution	1
Standing orders	1
Members office	1
Interim schemes of delegation	1
Approval of sub committees	1
Observer from Education directorate at council meetings	1
Vacancies, resignations - college council	3

Reports from sub-committees

Sub committees - minutes, reports, etc.	9
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Management issues

Management restructuring	2
Administrative restructuring	1
Cross college posts	1
Code of conduct	2
Academic Plan	1
Management Information Returns	1

Quality issues

Results analysis	1
Enrolment analysis	1
SCOTVEC intensive visit	1

Trade Union and Employer issues

1990 STUC Congress resolution	1
Letter from TUs	2
Scottish Colleges Council Forum (employers association)	2

Practical considerations

Car Parking	1
College calendar	3

Reports, papers and conference attendance

Further Education and Higher Education (Scotland) Act	4
Letter from SOED - opting out	1
Papers, correspondence and reports	6
Discussion on paper - Access and Opportunity	1
Appointment of representatives, delegates and visits	3

Student matters

Student Representative Council	3
Loss of CITB students	1

Appendix 6

Frequency of issues raised by Executive and Committee

<i>Issues raised by Executive</i>	<i>Frequency</i>
Student hours	26
Bursaries/awards/funds/fees	17
Income/funding/budgets/costs	14
Staff development and training	12
Course Issues	12
Reports	11
Quality issues	10
Enrolments	9
Schools/TVEI	8
Industrial links	8
ESF/European links	7
CMIS	7
Management training issues	7
IT issues	6
Health and Safety	6
FEMIR returns	6
Marketing	6
Development plan	5
Evening class	5
College restructure	5
Staffing issues	5
APL	4
Crèche	4
Summer cover	4
Learning support	4
GSVQ/SVQ	3
Performance indicators	3
Advertising for staff	3
College council	3
Guidance/Gateway	2
Photocopiers for library	2
Management structure/review	2
In course surveys	2
Library/textbooks	2
Complaints	2
Community education	2
HOD appointments	2
Staff interviews	2
Strategic information group	2

Resource centre/library	2
Central purchasing	1
College company	1
Assessment centre	1
HMI report	1
Summer vacation statistics	1
Defalcation policy	1
Car allowance	1
Age discrimination	1
Unsatisfied demand	1
Sub committee structure/report	1
College accommodation	1
Teaching staff figures	1
Open learning	1
College security	1
Updated job descriptions	1
EIS reps	1
Ethnic minorities unit	1
Principal's mail	1
Councillor's visit	1

<i>Issues raised by Committee</i>	<i>Frequency</i>
Development plan	11
Staff development and training	10
Management training issues	8
Income/funding/budgets/costs	5
Bursaries/awards/funds/fees	4
Industrial links	4
Evening class	4
College restructure	4
Staffing issues	4
Student hours	3
Marketing	3
IT issues	2
ESF/European links	2
Unsatisfied demand	2
GSVQ/SVQ	2
Planning control and curriculum	2
Requisitions	2
Evening class staff	2
Stolen items	2
FEMIR returns	1
CMIS	1
Enrolments	1
Code of conduct	1
Industrial liaison	1
Stores	1
Industrial action	1
SCOTVEC	1
Teaching environments	1
Names of departments	1
In course surveys	1
Sub committee structure/report	1
College accommodation	1
Visit by staff	1
Strategic information group	1
Resource centre/library	1
Updated job descriptions	1
Strathclyde Region's logo	1

APPENDIX 7

Matters covered by Board of Studies, General Purpose, and Personnel sub-committees in one college

Board of Studies

Meeting of 26/9/90

- Industrial Liaison
- Enrolments
- In course survey
- Department reports
- Summer cover
- Access funding
- Development of open learning materials
- Freedom of Speech in Higher and Further Education Institutions
- Curriculum Resources Unit
- Playgroup report
- Evening classes
- Curriculum Development Report

Meeting of 29/5/92

- Future of Board of Studies
- Comparative college data
- Enrolments
- In course survey
- HNC/D resit analysis
- European language in the curriculum
- HND award ceremony
- SCOTVEC intensive visit
- Communication from Regional council on women in promoted posts
- Analysis of exam results
- General SVQs
- The Howie report.

(30/11/92)

- Future of the Board of Studies
- Second in course survey
- Letter of intent between Glasgow Poly and Cardonald College
- Review of SWAP
- Response to the Howie report
- Consideration of new course proposals
- Further Education for students with learning difficulties

- Update on 'Towards Incorporation
- SFEU questionnaire on Europe
- SOED report - evaluation of Advanced programme
- HN entry points

Personnel Sub Committee

Meeting of 21/8/91

- Membership confirmed
- Appointments
- Management structures
- Disciplinary procedures
- Grievances
- Staff appraisal
- Staff development

Meeting of 30/3/92

- Report on Scottish College Council's Forum
- Code of Conduct
- Disciplinary action
- CJCC
- College environment
- Review of support staff
- Ethnic minorities (prayer facilities)
- Women in promoted posts

Meeting of 2/11/92

Tour of building

- Remit of the committee
- Illinois trip by 2 members of sub-committee
- Personnel tender
- Support staff review
- Administration review

Meeting of 30/11/92

- Tour of building
- Personnel services tender
- Remit of committee
- Faculty Head Post
- Administration review
- Transfer of staff
- Personnel Assistant
- Illinois trip
- Early retirement policy

Finance and General Purposes sub-committee

Meeting of 18/9/91

- Confirmation of sub committee membership
- Budget Allocation
- Budgetary Control Structure
- Departmental budgets
- Buildings, maintenance and development
- Health and safety
- Commercial activities

Meeting of 29/4/1992

- Emergency evacuation procedure
- Maintenance Priorities
- Budgets
- Payroll printout
- Rates
- Budgets
- Virement
- Action plan for incorporation

Meeting of 7/10/92

- Submission of Capital expenditure
- Priesthill Annexe
- College minibus
- Post of accountant
- College budget
- Financial Control committee -membership
- Movement to incorporation
- Inventories

Meeting of 5/11/92

- Points of order
- Priesthill Annexe
- College mini bus
- College services after incorporation audit, payroll, banking, legal
- Expenditure budget discussion
- Financial control committee
- Recurrent funding
- Budgetary control
- Early retirement
- Non attendance of members at committee
- Remit to be sent to college council

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